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REORGANIZATION: POST MORTEM NOTES

THE tumult and the shouting over reorganization has died. The Congressional captains and the Presidential king have departed from Washington. Whether many hearts are humble and contrite is dubious. Nevertheless, in both of the opposing camps some hearts should be faintly tinctured by humility and contrition. From this proposition, so moderately stated, who will dissent?

As a case study, President Roosevelt's efforts for reorganization will have considerable importance: the fomentation, without regard for facts, of political passions and prejudices, the merits of different strategies, the emasculation and the victory in the Senate of a bill which was to suffer defeat in the House of Representatives—ordinarily the more docile chamber—will be much discussed. While memories of the issues and the incidents are still fresh, it may be worth while to set down in summary fashion a series of suggestions concerning phases of the case study that should not be overlooked. I permit these to be twelve in number despite the fact that when Woodrow Wilson took his fourteen points to Paris Clemenceau remarked, "Le bon Dieu n'avait que dix."

(1) The setting of Presidential efforts for reorganization was not as favorable as it might have been. Dispassionate observers of the Washington scene since 1933 have differed concerning the wisdom or unwisdom of fiscal policies and of legislative measures that impinged on economic life. Who is on record as maintaining that administration has been as efficient as it should have been? With some activities ineffi-

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ciency has been notorious: the National Recovery Administration (in its later stages), the Coal Commission, the Communications Commission, and the Tennessee Valley Authority in so far as concerned its internal operations. For the government's spending program there was little effective coördination or direction, and, on occasion, the chief spenders have quarreled publicly over their respective spheres of influence. Departments of the government have duplicated and canceled out one another's activities. For the first two years of his administration President Roosevelt had complete authority to redistribute functions and to reorganize bureaus. His power, then extending to the independent regulatory commissions over which later there was such a fuss, was used most sparingly and without criticism from Congress. He dealt with little more than a few recognized excrescences and anomalies and made no attempt to begin a thoroughgoing reorganization. For such inaction there was an explanation if not an excuse. During an engagement a military commander cannot pause to reform the organization of his army. Less justifiably, he may remain indifferent to the condition of his reserves or services of supply. Moreover, "the inadequate staffing" of the White House had long been a commonplace in discussions of administrative successes and failures. But many executives who wish to be well staffed take the necessary measures themselves, and do not wait for a committee to report on what it is desirable to do. The French have a saying, "Si Dieu avait chargé une commission de créer le monde, le chaos régnerait encore." Three years of indifference to administration were not a thrilling overture to the first act of administrative reorganization.

(2) As a matter of fact, the scene of the first act was in the Senate which set up a Select Committee under the chairmanship of Senator Harry F. Byrd, who, when Governor of Virginia, had sponsored a reorganization plan which, in some essentials, was similar to the program over which there was such a fight. The President, who had had the matter in mind for some time, acted promptly and appointed his Committee on Administrative Management (March 1936). At the suggestion of the President, the House of Representatives appointed a

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committee and the Senate a second committee, with Senator Robinson as chairman. Legislative initiative, however, had antedated executive action. This was unfortunate.

(3) Naturally enough, the Congressional committees were unwilling to withdraw and leave the field to the President's Committee, and negotiations began in respect of a division of labor and a separation of the fields of inquiry. The result was described by the chairman of the President's Committee in his testimony before the Joint Congressional Committee on Government Organization. The agreement

> so far as the President's Committee was concerned, confined us to the terms of reference that had been given to us in our appointment by the President. Under that agreement or understanding, the President's Committee was to concern itself with the problem of administrative management from the over-all point of view. We were not to make detailed studies of operating agencies of government. . . . Our understanding was that that was to be done by the Senate and House Committees, both of which employed the Brookings Institution to do the research work for them. The employing of the Brookings Institution was first made by the Senate Committee and after that, as I understand it, by the House Committee.

The hearings do not disclose whether the division of labor thus stated in principle was made more specific; whether later the President's Committee and the Brookings Institution consulted to see that their wires were not being crossed; or whether there was any contact between the groups of experts who assembled in Washington. With precise terms of reference and with the best will in the world, some overlapping might have been inevitable. It would be interesting to know, however, the extent to which indecision as to terms of reference encouraged the senatorial group to be the rival, even the opponent, of the President's Committee.

(4) In January 1937 the President's Committee made its report. The immediate public reaction was largely favorable. In his message to Congress, however, the President accepted the report of his Committee in toto. He ventured no caveats against

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either the recommendations or the language in which they were framed. This would appear to indicate that he had been consulted on the contents of and had given prior approval to the report. Of course, there was no impropriety in this, but the result was that critics of the report necessarily became the critics of the President because he was in the position of sponsoring all the recommendations of the report. When an executive designates a board of experts to conduct an inquiry and to recommend policy, is it wise to be concerned over whether the policy is entirely satisfactory to him? Should he not, rather, desire the experts to go beyond what, as a practical politician, he is, at the moment, willing to accept? This is what happens in the case of British Royal Commissions which, with all their limitations, are probably the most effective device for the study and formulation of policy that modern governments have invented. They make their reports and then the Cabinet decides on the extent to which it is willing to press for legislation to implement the recommendations. The theory is that Royal Commissions (or a President's Committee), who are outside party controversy, whose daily work is not constantly shadowed by the maxim that politics is always a matter of second best, should desire reforms more extensive than the politicians are willing to accept. This is not to say that Royal Commissioners or members of the President's Committee should function as academic theorists. On the contrary, they should never forget that their proposals are to go into the arena of current political controversy. Nevertheless, their proposals should be in advance of what legislative opinion is ready for. In January 1937, however, President Roosevelt in effect made the report of his Committee his own report. Was this a strategic mistake? When Congress began to say that it could not go as far as the report suggested, Congress was in effect saying that it would not follow the President.

(5) Before Congress could begin committee consideration of the President's Committee's recommendations, its entire attention was distracted to another matter. The President had thrown his bombshell of additional justices of the Supreme Court of the United States. There began the most bitter Con-

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gressional debate since that on the League of Nations. What is the responsibility of a political leader in respect of timing if he is genuinely interested in a series of reforms? Should he complicate their consideration by a spectacular proposal that will center attention on itself and rouse deep passions? It was possible that excitement over the Court proposal would be so intense that the reorganization bill would slip through without attracting much interest or stirring up much opposition, or that, if Congress accepted the Court proposal, other governmental "reforms" like those put forth by the President's Committee would seem inconsequential. It was possible, also, that the Court proposal would be sunk and carry down in its wake the measures proposed to reorganize the executive branch of the government. In February 1937 the President, of course, did not think of the possibility of defeat of the Court proposals. Clearly, however, as events proved, the cause of more efficient management did not gain by reason of the centering of Congressional and public attention on the judiciary, its sacrosanct position in the American scheme of government, and the threatened assault on that position. Perhaps when future reforms are thought of there should be greater attention to timing.

(6) Even though any one of the members of the President's Committee could have served as chief consultant to a differently constituted committee with similar terms of reference, the Committee recruited a staff of specialists whose studies (later published) were available when the recommendations were prepared. On the Congressional side, the Brookings Institution was the expert agency to be appealed to. General Smuts has declared that a key problem of representative institutions is the proper use of experts. The rôle of the experts in the reorganization controversy is not without interest.

After the Congressional hearings had been in progress for some weeks, the reports of the Brookings Institution were ready. One dealt with financial administration. In no uncertain terms it traversed the recommendations of the President's Committee that pre-audit be an executive function under a Comptroller General appointed by and responsible to the

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President, and that the post-audit and reporting on expenditures be under an Auditor General who would be an agent of the legislature. The Brookings' report urged that pre-audit continue to be a legislative audit; that, indeed, the Comptroller General be made even more powerful than he now is. Representatives of the Brookings Institution appeared and testified. Cross-examination brought out the fact that, after surveys of the financial systems of the states of Alabama, Mississippi, Iowa and Oklahoma, the Brookings Institution had recommended an audit substantially along the lines of the audit proposed by the President's Committee. The experts who were appearing for the Brookings Institution had apparently anticipated this line of attack because they had in readiness a prepared statement to explain that the Brookings Institution had changed its mind. The statement confessed "frankly that we [the group at the Brookings Institution] did not in our own discussions distinguish sharply enough between (1) executive control for the purposes of efficient and economic management and (2) auditing control to prevent administrative officers from making an illegal payment. We did not take a stand on this issue as a matter of principle. Rather we worked at each case individually." During the winter of 1936-37 "we have had conference after conference within the staff with respect to whether you can have a definite principle which is applicable alike to the state government and to the federal government. The opinion of the Brookings Institution after these conferences is that we can recognize that as a general principle, although we had not so recognized it before."

The spokesman for the Brookings Institution declared that in the federal field the Institution's recommendations had been consistent: it had always favored the idea of the Comptroller General as a representative of Congress. That may have been true, but the Brookings Institution was able to boast of its consistency only because of the retirement of the Director of its Institute for Government Research who, the Congressional committee was told, "himself says that he can be quoted on either side of this question." He had advocated the Act of

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1921, but later urged changes much like those proposed by the President's Committee.

The hearings do not disclose that the Senators pursued the interesting suggestion that an Institution may have an expert opinion, and be a corporate personality in respect of its judgments. Were there different staffs for the successive surveys of Alabama, Mississippi, Iowa and Oklahoma? Did any members of the staffs of those surveys participate in the inquiry for Senator Byrd? Did the recantation take place early or late—before or after it was known that the President's experts wanted to do something about the Comptroller General? Answers to such questions do not appear in the hearings. What the psychologists call competitive habits may not work on experts and lead one group unconsciously to challenge the opinions of another group, but two later reports by the Brookings Institution traversed the President's Committee's recommendations on the independent regulatory commissions and civil service administration. The President's Committee, with its members closely adhering to previously expressed opinions, made recommendations that the Chief Executive approved. The Brookings Institution made recommendations that Senator Byrd approved.

A similar clash of "expert" opinion may be possible the next time the President orders an inquiry into a subject that Congress is inquiring into. Could it be avoided if, after their appointment, the Presidential and Congressional experts swapped employers before they began to work? Such an experiment might have interesting results.

(7) Reorganization was one of the items on the agenda which the President presented to the second (special) session of the 75th Congress summoned in the autumn of 1937. The Senate did not consider it. One reason was the dislocation of its time table by reason of the filibuster on the anti-lynching bill. But another factor which is always present when the issues go to questions of governmental machinery was lack of pressure by any interested group. It has been axiomatic that publics are indifferent to questions of governmental machinery save when the machinery works in such a way as to outrage

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opinion. When the debate on reorganization began in the Senate in the third session of the 75th Congress, it became apparent that the public—or at least portions of it—could be interested even though it did not understand the changes proposed. They were pictured as part of a "plot" for the further aggrandizement of Presidential authority. The country was told in a broadside widely distributed by the National Committee to Uphold Constitutional Government that it was facing the "third crisis" in its history. The first two crises had been the first quarter-century of our history and the Civil War. Now the third crisis was upon us by reason of a bill which would have permitted the President to abolish bureaus and redistribute functions (a power which he had had before and which two of his predecessors had possessed), to appoint and deal with a single Civil Service Commissioner instead of a commission of three, and to return to a system of accounting which was not essentially dissimilar from that which prevailed before 1921.

(8) The fact was, however, that those who sought to defeat the reorganization bill did so not because they cared greatly about the provisions of the bill, but because they wanted to defeat the President. It was a case of any stick being a good one to use on the dog. Those who were against Mr. Roosevelt because of his fiscal and economic policies saw an opportunity to deal a blow to his prestige by preventing him from having his way on a matter of governmental machinery. Had there been no recession (or depression) reorganization would have had fewer opponents. Had there not been an internal struggle in the Democratic Party, the dissentient Senators and Representatives would have been less intense. Bureaucrats were fearful that their accustomed ways would be disturbed. Congressmen wished their pet administrative interests and influences to continue as they were. Here were elements of a quiet but powerful opposition.

The future historian will be puzzled when he exhumes the debate's clichés about dictatorships and totalitarian states. He will be unable to discover what it was that made such epithets applicable. Their use, however, would have been much more

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difficult had the President not associated himself so completely with the report of his Committee. That had recommended that the President be given authority to separate the administrative and quasi-judicial functions of the so-called independent regulatory commissions. The pending measure gave no such power. Consequently the opponents, if they ever bothered to justify their epithets, had to point to the report and to a draft bill which had never been given Presidential or Congressional sponsorship.

(9) While the fight was on there was another instance of bad timing. It was fumbling rather than spectacular, but the synchronization with the reorganization debate had unfortunate consequences. I refer to the internal squabbles in the Tennessee Valley Authority and the act of the President in removing one of the members of the Board. Before this incident, the Congressional and columnar opponents of reorganization had almost given up hope. Now, irrespective of the legality or propriety of the President's act, they could talk again about the *Humphrey* case, and of the danger of impious hands being laid on the independent regulatory commissions. It made no difference that these were explicitly excepted under the grant of power in the revised bill. Many debaters could not bother with truth.

(10) Then the Senate, in which all along obstacles had seemed to be greater than in the House of Representatives, concluded its lengthy and in many respects able debate. At Warm Springs President Roosevelt failed to remember the profound truth of Burke's remark that "magnanimity in politics is not seldom the truest wisdom", and that, as Burke added, "little minds and a great empire do not go together." Instead of praising the Senate for its "statesmanlike decision", even though had he used this expression he might have had the tip of his tongue in his cheek, President Roosevelt issued a statement declaring that the passage of the bill had proved "that the Senate cannot be purchased by organized telegrams based on direct misrepresentation." The word "purchased" may have been responsible for enough adverse votes to constitute a House majority against reorganization.

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(11) For many members of the House of Representatives were anxious to revolt. As in the second administration of Woodrow Wilson, Congress was chafing at its subordinate position. It did not like to be thought of as a rubber stamp. Here was an opportunity for it to assert itself without risking offense to any large number of constituents who would vent their displeasure at the polling booths. This would not be the case if the legislation dealt with relief or pensions or taxes.

In this attitude Congress had received encouragement from President Roosevelt which it did not receive from President Wilson. The latter attempted to use the instrument of party. He was careful to associate with himself Congressional leaders in the presentation of his measures. He made great use of his Postmaster General, a former Congressman, to the end that there would be fewer formal demonstrations of the President's interest in legislation as manifested by consultation with legislative leaders at the White House. President Roosevelt has been much more of a prima donna. Moreover, he has offended Congress by his use of press conferences to announce important decisions to the press and public and to attempt to rally some public support for them before he communicated them to a coördinate branch of the government. Hence, to repeat, the House was in the mood to rebuke the President. It did so.

(12) Finally, the fight over reorganization raises questions as to the timing of compromise with Congress which, not infrequently, represents the country as faithfully as the President does. Had President Roosevelt been willing to compromise on his Supreme Court proposals he could have secured two additional judges. Had he been willing, promptly, to permit a Presidential executive order to be nullified by a majority vote of Congress, he could have passed the reorganization bill. Was this unconstitutional? Probably yes, in a technical sense. An executive order which was valid as a Presidential act could not be invalidated by a concurrent resolution of Congress. But as a matter of substance a Congressional veto should not have been objectionable.

President Roosevelt stood on the constitutional point and this caused a great deal of confused thinking over Congress

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transferring to the President authority which it could not take back save by a two-thirds vote. Congress can never have its way against Presidential opposition without a two-thirds vote save in one respect: to preserve the status quo. The tumult and the shouting should have been stopped by the President's prompt statement that he would withdraw any executive order to which Congress objected by a majority vote: that he had no desire to effect any reorganization to which a majority of the Congress was opposed. This would have been good politics. It would have been discreet as well because Congress can have the last word in its control of the purse. Instead, in his midnight letter of March 31, President Roosevelt, still resisting a Congressional veto, declared that if Congress disapproved an order, "I would, in the overwhelming majority of cases, go along with carefully considered Congressional action." He should have been willing to say that in *all* cases he would go along with Congressional action. And, unwisely taking cognizance of the charges that the bill would make him a dictator, the President said: "I have no inclination to be a dictator" and "I have no qualifications which would make me a successful dictator." That not too carefully edited sentence must have been responsible for some adverse votes in the House. When later he was willing to compromise, not on the issue, but to get the bill passed—any bill—it was too late.

In its fundamentals the fight over reorganization illustrates anew the fact that the American Congress has an attitude toward executive machinery entirely different from the attitudes of the British and French parliaments. In France, each incoming Prime Minister determines how large a cabinet he wishes to have and, in forming his team, he of necessity must combine or segregate functions of government. French styles in cabinets change as drastically as do French styles in clothes. Congress insists on being convinced that a particular adjustment is desirable. It lays down elaborate legislative restrictions. It is unable to see that in so far as administration is concerned, it would be more influential and powerful if it relinquished its ineffective statutory controls and thus deprived

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the executive of the alibi he now has for poor administration. Congress has lagged behind other representative bodies in learning that efficient government rests on two pillars: terms of reference precisely defined—in other words, the clear formulation of policy; and vigorous and tireless scrutiny of implementation—in other words, judgment of results. In the place of pillars we have quicksand.

Two years ago the French Senate refused the Blum government the ordinance-making authority which it demanded in order to safeguard the franc, effect economies, and increase revenues. Blum resigned and Parliament immediately granted the authority asked for to a cabinet headed by Chautemps. In April 1938, the Senate similarly refused Mr. Blum, but granted the authority to a more moderate cabinet headed by Daladier. Of this action the *New York Herald Tribune*—a chief critic of reorganization—wrote as follows: "Powers of this sort are not comfortable to contemplate, but so long as they are exercised by men who believe in the established system and who command the confidence of the country, they are far from spelling the death of democratic government. Rightly exercised, they can, rather, spell a new democratic life and unity." The question of confidence was at the bottom of the refusal to pass the reorganization bill. Under a parliamentary system of government, such a vote of no confidence would have forced the executive to resign. Mr. Walter Lippmann and others have made much of this point. They have failed to note that, had there been a possibility of resignation, Congress would certainly have passed the reorganization bill. Ironically enough, Congress will, in sanctioning a spending program, give the President far more power than reorganization would have given him.

LINDSAY ROGERS

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MUST IT BE WAR WITH JAPAN?

THERE has long existed in the United States a vague but widespread presentiment of the eventual necessity of war with Japan. So long as all the Western Powers were firmly insistent upon the maintenance of their established positions in China, this presentiment had little to support it. There seemed little possibility that Japan would push an aggressive policy to the point of raising a united front of Western nations against her; and still less possibility that the United States could be nominated to police the Far East to protect the interests of all Western countries.

In recent years, however, the scene has changed. The European political situation prevents effective intervention in Far Eastern affairs, and under this cover Japan is following an aggressive policy in China which could not formerly have withstood united Western opposition. This policy will no doubt progressively undermine what other countries have considered their " rights " in China. The only country in a position to put effective pressure (that is to say, pressure backed by a readiness to use force) on Japan is the United States. It would appear, therefore, that the United States is faced with a momentous decision, whether its policy for the long pull shall be oriented toward an eventual war with Japan or toward a gradual retreat from the basic tenets of past policy. The undeclared war in China brings the day of decision appreciably closer.

I

The official doctrine underlying American diplomatic moves relating to China has been that the opportunities open to Americans should be in no way inferior to the opportunities enjoyed by the nationals of other countries. The imperialistic spade work of opening Chinese markets and exacting extraterritorial

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privileges was done by other countries, notably Great Britain. The American doctrine was that no privileges should be exclusive. This doctrine took its explicit form of the open door and was accepted by other Powers in 1900, thereby diminishing foreign pressure on China and relieving the tense international situation which had been generated by conflicting imperialistic ambitions. Since that time the United States, though enjoying the privileges from past European aggression, has somewhat set itself up as the professional friend of China.

The intention of Japan to occupy a privileged position in China was fully exposed in the Twenty-one Demands of 1915. Its aggressive policy was renewed in the conquest of Manchuria in 1931; was extended by the demilitarization of an area below the Great Wall; and now is given full expression in the conquest of North China, which will doubtless become an autonomous area under Japanese influence. Whatever the ultimate aims of Japanese policy, they appear certainly to include commercial and financial dominance in North China and prevention of unified political control of China. Both these aims are antipathetic to the accepted policy of the Western nations.

The United States has accepted the position of spearhead in the resistance to Japan's aggressive policy. American influence forced the return of Shantung territory to China after the War, and was important in bringing about the Nine-Power Treaty of 1921 by which the signatory nations, including Japan, reaffirmed the Open Door policy and mutually agreed to refrain from infringements upon the sovereignty and territorial integrity of China. After the Japanese conquest of Manchuria, Secretary Stimson in January 1932 took the unequivocal stand that the United States could not recognize the legality of any situation violating the Pact of Paris (Briand-Kellogg Pact, outlawing war) and the Nine-Power Treaty to which it was signatory. Though the League of Nations Assembly declared Japan's action a violation of the Covenant, it imposed no sanctions. And no other nation took a strong line of protest similar to that of the United States.

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Japan, it then appeared and still appears, is free to achieve a position of dominance over large areas of China without effective opposition from any European Power or group of Powers. This is ensured by the political tension between the European Powers themselves. In these circumstances, if the United States were to take a "strong line" with Japan, we should presumably stand alone, or at least be the only Power able to make a show of effective force. Whatever the responsibilities of the United States might be under an operative system of "collective security", it ought to be obvious to the untutored intelligence that we have no private commission to police the Far East. Since the contrary opinion is widespread, however, the matter calls for closer inspection.

The Stimson position is predicated upon adherence to the post-war system of collective security involving mutual commitments to respect the status quo of vested national interests. Secretary Stimson took the high ground that, so long as the United States honors its own signature, it must refuse to recognize acts in violation of its treaties. As a moral position this is exemplary and states the basis upon which a stable international order must be built. It is not, however, a position that need lead toward war. The international system of security envisaged by the treaties is now defunct. The notion is inconceivable that the United States should set itself up as the enforcing agency for multilateral treaties which contain no penal clauses.

The problem, however, goes deeper. It reaches down to the foundations of our traditional Far Eastern policy, involving the *rights* possessed under various treaties with China and the *interests* which have grown up thereunder. If there is war, these will be the stakes, and not a matter of honoring one's signature. The primary right for which the United States has always contended in China is, as stated above, equal access to Chinese markets. If we fight, the only material stake is the economic one, whatever the concomitant elements of prestige which are called into play. The size of the stake therefore becomes a matter of interest.

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The American capital investment in China is about $200,000,000 or 1.3 per cent of our total foreign investment, and less than 20 per cent of the British or Japanese investment in China. The value of the annual trade (both imports and exports) reached a peak of somewhat over $250,000,000 in 1931, but had fallen to less than $125,000,000 in 1935. The number of American residents is about 7000. The population of a village, an investment equal to a few blocks of urban real estate, an annual trade the fiftieth part of a New Deal budget—this is the aggregate result of a hundred years of American enterprise in the Chinese market. The tangible stake is a pittance compared with the cost of fighting for it. If we fight *for economic reasons* it will be for a stake in the *potential* Chinese market, that much-talked-of end of the Chinese rainbow.

II

The readiness of the American mind to entertain the idea of war with Japan seems subconsciously to represent the unexpended momentum of the expansionist movement which dominated American history up to a generation ago. Its essential constituent is the urge to possess free movement and free opportunity, and its strongest orientation has been westward. It has amounted to as nearly a psychological imperative as any force in American life. "Manifest destiny" saddled the United States with an island empire, and its ghost still haunts the Pacific area. It combines pure aggressiveness, economic interest and a "civilizing" mission. The "manifest destiny" of Japan, made up of the same elements reinforced by fear, cuts across that of the United States, creating an irrational sense of conflicting national destinies. There exists a rather far-fetched idea that Japan will attack American territory, but the more common thought is that Japan's behavior in China will necessitate armed intervention at some point.

Many persons consider China as in some sense an American ward to be "improved" by our religion, our education and our industrial methods. Some look to material advantage in Chinese markets. Others, and conspicuously many members

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of the Navy, regard our relations with and in China as a critical test of American sturdiness in the preservation of "legitimate rights" of whatever sort they may be. Still others, sincere advocates of post-war methods of seeking collective security, regard the case of China as the test for those methods even to the point of risking war by unassisted American action. And, finally, our more radical doctrinnaires see the logic of capitalistic imperialism approaching its tragic *dénouement.*

All this is part mysticism, part prejudice, part idealism, and part realistic view of economic advantage. What it adds up to is an impressive array of forces working for "a strong line" toward Japan. The weakness of almost all the arguments, especially the chauvinist and sentimentalist, is of three sorts. For one thing, they rely upon the "certainty" that Japan will deliberately engage in provocative activities that will require us to fight. Again, they seldom specify the exact types of activity for which there is no answer but war. And finally, when specific, they make no case for fighting over the types of activity specified.

In his book *Must We Fight in Asia,* published in 1935, Mr. Nathaniel Peffer has attempted to rescue the projected war from this veil of indefiniteness and irrationality and to provide a rationale for the conflict. Having himself shown how minute is America's present tangible stake in China, Mr. Peffer nevertheless says we must fight Japan *for economic reasons* (except for one improbable alternative to be noted later). The reason he assigns is that the American economy is geared to expansion; the potential Chinese market is the only large unexploited field for expansion; and the United States cannot forego expansion in that market without economic collapse. ". . . we are entering now on a struggle for control of the Far East . . . in order to exist. Not to do so is to imperil our economic system and our social order" (pp. 231-32). He predicates the necessity for expansion upon the incapacity of domestic markets in industrialized countries to absorb the output of industry by reason of a maldistribution of wealth. "America", he says, "can produce more than can be absorbed

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by domestic purchase. The surplus must be exported to ensure stability to the industrial and financial structure" (p. 179). Therefore, America must fight regardless of the economic cost! Mr. Peffer provides a way out, "a redistribution of wealth which will give the masses sufficient income to buy what is produced", "collective control of finance, of production of goods, and of distribution of wealth". He is very dramatic in his alternatives: a Socialist America or a war with Japan.

Mr. Peffer is not bothered by harsh canons of consistency. The imperative of war is dictated by the need for early profits to stave off dissolution (pp. 225-29) though he is at pains to point out that the potentialities of the Chinese market will take a long time to develop. The rewards of Chinese economic development in the long run, he states, will probably be a "chimera" (p. 227). But still we must fight in the short run for profits which will develop only in the long run and which, when overtaken, will probably not be there!

The "necessity" for war between the United States and Japan, it thus appears, has nothing to do with the specific state of fact in the Pacific area. What Mr. Peffer is saying is not that there is any *special* reason why the United States should fight Japan, but that the existing social system is defunct and doomed to destroy itself in an orgy of war unless "socialized". His economic postulate is as applicable to all other industrial nations as to the United States. The proper end of his logic is that every industrial nation should be at the throat of every other for the China market, "to ensure stability to the industrial and financial structure" by the method of destroying the foundations of economic intercourse. It is anyone's guess whether the world *will* destroy itself, but if it does the reason will not be Mr. Peffer's economic logic, rationally accepted as the guide to policy and inexorably followed to its conclusion.[1]

[1] Mr. Peffer's book, from which the preceding argument is taken, was published in 1935. In his published comments on the Sino-Japanese hostilities, so far as the present writer has seen, he has not used the argument and has adopted a much more realistic view of American relations to Far Eastern affairs.

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III

As to both the ends and means of public policy reasonable men may hold different opinions. But no one can pretend to be reasonable unless he looks clearly at various alternative lines of policy and applies some conscious set of values in arriving at his judgments. Every end of policy involves the sacrifice of some other end; every advantage has its offsetting cost. Where the values involved are economic, the advantages and costs are more or less measurable in dollars and cents. But there are other advantages and other costs involved in public policy, especially those involving prestige, which cannot be measured. They are the psychologically felt imperatives, subject only to standards of judgment and infinitely productive of conflicting opinions. What ends are *worth* pursuing and what costs are *worth* incurring in working out a nation's destiny?

It is a reasonable judgment that, in the scales of economic self-interest, no conceivable damage which Japan could do to our Far Eastern economic expansion in the calculable future could equal the economic cost of a war with Japan. Undoubtedly there is a many-sided conflict of economic interests in the Far East which at present focuses on the Japanese preëmption of future potentialities. To the extent that this process can be peacefully curbed, the Western nations will benefit; but that is not the question now presented. The question is whether it would be profitable to curb it by war. For the United States such a war would be infinitely expensive, and the reward would be a minor share in the exploitation of a slowly expanding market, itself made uncertain by civil disorders in China. It is hardly a reasonable economic speculation.

The basic economic prospect which the Western nations have to face in the Orient is very slightly related to Japanese aggressiveness. It is that the gradual industrialization of the Orient is going to require progressive readjustments in their own industrial structures. For the United States the readjustments need be no more seriously disturbing than many that take place constantly within our own borders, since our dependence on

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the Oriental trade is so slight. For Great Britain the problem is more serious, as already illustrated by the decline of her cotton trade. Naturally, if the Japanese should extensively undermine the British Far Eastern trade the repercussions would be in some degree reflected in the United States. In what degree no one can say, but gradual readjustments in a world still capable of economic expansion need not be expected to be cataclysmic, unless in conjunction with other developments far removed from the specific Far Eastern situation.

The definitely economic aspect of conflict in the Far East is much confused with other elements, and especially with the element of prestige. While national prestige serves economic ends, it is itself something much more fundamental. Subjectively, the pursuit of prestige expresses a collective sense of national worthiness flaunted before the world. Objectively, prestige consists in a respect accorded by the world for the goals of national endeavor. There are some things that a nation will, and must, fight for without thought of the economic cost—a fact which is beyond good or evil since it expresses the tenacious will, and therefore the ability, to have any national existence at all. But when the "worthy" goals of national endeavor conflict, prestige is dynamite to be easily exploded by "incidents". The possibility of peace, in the absence of an effective system of collective security, lies wholly in the realm of compromising the rival claims of prestige.

The prestige of the Western nations in the Orient was created by military force and continues to rest largely on that basis. The foreign gunboats on the Yangtse are not for aesthetic purposes. The Chinese respect the guns and therefore protect the "rights" of European nationals to economic enterprise in China. (The "liberal" countries are but little conscious of the oddity of this perpetual infringement upon Chinese sovereignty, so solicitously invoked in post-war treaties.) Western countries have included the forcible opening of trade channels in "backward" countries among the "worthy" ends of national endeavor.

When prestige is challenged, a country can either give up some of it or fight for it. There is always the question of

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whether the fruits of prestige are worth fighting for. In the Far East the United States can answer in the negative in rather strictly economic terms. For Great Britain the problem is more complex. In the first place, her economic stake is much larger; and in the second place, loss of prestige at any point has an unsettling political effect in all her Asiatic provinces. In the long run, the attainment by Japan of hegemony in the Far East might impinge disastrously upon her whole imperial structure, political and economic. But Great Britain, whose view of her long-run interests might induce her to resist Japanese aggressiveness at an early stage, cannot do so in the present state of European political entanglements. No Western nation but the United States *can* fight in the Far East.

If the United States were to fight, the avowed object might be to protect her own prestige and interests; the actual significance of the event, however, would be in the protection of British (and Dutch and French) prestige and interests. In a rational view of the matter the question is whether the protection of foreign prestige is a proper object of American statesmanship and American military effort. The answer is not so easily in the negative as one might superficially think. Much more is involved than a stake in the China trade, present or prospective; more even than stability of the European colonial system in Asia. The question is that of the world's two most powerful nations taking in hand the direction of the world's destiny by close diplomatic and military coöperation. The idea is very popular in England, for the obvious reason that the first chestnuts retrieved would be Britain's and the first hand burned America's. The idea, on the other hand, goes far beyond any articulate American view of the responsibilities of the United States for international order. It is just as well to see clearly that in the absence of such a grandiose conception, based on a long-run view of Anglo-American dominance, any rational grounds for war between the United States and Japan are hard to discover.

Inevitably, the prestige of Western nations is going to decline in the Far East during the years ahead. Great Britain

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and the United States, especially, would like to see China work out its destiny and achieve unity free from external pressure, except the indirect sort which they or their nationals continuously exert in promoting their economic interests. Japan also wants to see internal stability in China, but on other terms —terms free from the threat of nationalistic spirit focused against Japan and terms granting special economic privileges. In the immediate future Japan's terms are going to prevail. Western feelings and interests are going to suffer; unless, of course, the United States fights Japan, which it will not do unless bemused by folly.

The historical process now unfolding in the Far East, involving China, Japan and Russia, is one of the major movements of recorded history. Within it the specific American interest is of insignificant size. The process is going to take a long time to work itself out, and it will not end until China and Japan have arrived at a peaceful *modus vivendi*—an important and commonly overlooked point made by the League of Nations (Lytton) Commission. One can agree with the Lytton report that there are better methods of approaching that end than the Japanese are using, but the observation is beside the point. The Japanese have chosen their methods without external advice. However little we may like their incidence upon our interests and emotions, to become embroiled in the process would be a departure from any acceptable view of American responsibilities, either for protecting our interests or guarding our prestige or promoting a stable equilibrium of international relations.

The point is made the more impressive by imagining the accumulated responsibilities following a successful war against Japan. Handing back China to the Chinese, intact and unencumbered, would be impossible. To whom, in China's divided political state, would Manchuria or the northern provinces be handed back? And imagine the problem of adjustments with Russia whom the United States would probably have as an embarrassing ally. The United States would be encumbered with continuing responsibilities in Asia of a type for which it

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has no genius, and precipitated on a course of destiny which was no part of its original intention.

The whole matter would look otherwise if the Western nations were in a position to coöperate in a program of collective security. In that case, it might well be appropriate to lend our aid. But the situation does not exist and the United States cannot make itself the residuary legatee of all responsibilities in the Far East under multilateral treaties designed to promote collective security.

IV

It is quite certain that the varied forms of anti-Japonism in the United States are not strong enough to produce a pronounced drift toward war in times when sober counsel can be heard. The disease, though endemic, is latent. Probably the most common American opinion is that we shall never really need to fight Japan; that a show of force and an economic boycott will bring Japan to her knees whenever we wish to apply the pressure. On this hypothesis the most varied elements subscribe to the policy of a "strong line" toward Japan: business interests concerned for their markets; labor interests fearing the effects of Japan's cheap labor; persons emphasizing America's responsibilities for policing the Pacific in the interests of peace.

Whether the hypothesis would hold if put to the test, no one knows. In any case, a show of force which is not mere bluff implies a readiness to fight. No occasion can justify such a show, unless it equally represents a situation worth fighting for. Oddly enough, this point is least understood by the semi-pacifist groups, and their influence is the most provocative one now at work.

During the Sino-Japanese hostilities popular sympathy in both the United States and Great Britain has been on the side of China—an attitude shared by the present writer. There has been a widely applauded proposal to put into effect an economic boycott against Japan. It is possible (though by no means certain) that if the two countries should coöperate in such a boycott Japan could be quickly brought to terms, since these countries are her best markets and her main sources of essential

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materials. The political and economic barriers to such a joint boycott are at present so insuperable that the prospect need not be taken seriously. The mere proposal, however, raises this interesting point: *If* a joint boycott were instituted, what would be its purpose?

The proposal, swept into prominence as an emotional reaction to Japanese aerial bombing of Chinese cities, has been fostered by more recent firing upon British and American ships. It took hold amongst those good people who uphold the moral mission of the United States and Great Britain in international affairs; and it was immediately exploited by labor unions with false unction for selfish ends of their own. Such self-righteous agitation, however satisfying to the agitators, is simply irresponsible provocativeness unless the action proposed can be translated into reasonable terms of public policy. A joint boycott could not be made into an isolated datum; it would imply further joint action. Stripped of all disguises, the proposal is that the United States and Great Britain jointly take continuing responsibility for imposing upon the Far East the kind of political readjustment which meets their standards of political morality and economic interest in that area.

The present writer has been among the more ardent advocates of a system of collective security. But one's colleagues in this quest seem to be moving along peculiarly irresponsible lines of agitation which, if heeded, would leave the United States to fight the Asiatic imperial wars of European countries—under false pretenses. When the United States decided to free the Philippines—an action the merits of which need not be discussed here—there is no doubt that Great Britain, the Netherlands and France underwent the most extreme consternation. Their Asiatic possessions were no longer guarded by the American Navy against Japanese southward expansion, unless of course the United States could be persuaded of its continuing "mission" in the Pacific area. It is just as well that Americans see the point clearly, that if the United States ever fights Japan the significance of the war will be in protecting the status quo of European trade and European empires in Asia, not in

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protecting its own specific rights and interests nor in holding the world's political conscience.

V

The large outlines of a reasonable American policy in the Far East are not hard to see. It would not be isolationism, a disease as potentially disastrous as aggressiveness. It would place no barriers in the way of Chinese efforts to attain political stability, and would be willing to assist the process as circumstances warranted by progressive withdrawal of the privileges now held in violation of Chinese sovereignty. It would exercise diplomatic pressure against Japan for the protection of such rights and interests as America can justly claim in the Far East. It would not fail to call attention to violation of treaties to which the United States is signatory. It would coöperate with other nations in promoting any promising means of achieving international political stability. Negatively, it would stop short of the threat of force on all issues, since one cannot now foresee any action of Japan toward our interests in the Far East which would justify resort to war.

Such a moderate and unspectacular policy is going to be difficult to hold to. The Japanese are practically certain to do things which are antipathetic to American interests and "rights", and which will offend the sense of American prestige. It is therefore the beginning of wisdom for Americans to insulate their minds against the invitation to folly with which they will no doubt be increasingly propagandized in the years just ahead.

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THE GERMAN COLONIES AND THE THIRD REICH

"THE claim for Germany's colonial possessions will be voiced from year to year with increasing vigor," [1] declared *der Führer* to the Reichstag on February 20, 1938. It was on the very eve of his Austrian *coup,* and therefore his colonial plans could be expressed with greater force than at the close of the year 1937 when he had said: "The colonies are our lost property and the world will be obliged to return them." [2]

These definitive statements, together with others by Hitler and the Nazi leaders during the past two years,[3] culminate a distinct trend toward *Kolonialpolitik.* They indicate that the regaining of Germany's lost colonial empire has become an objective of the Third Reich. Such a policy marks a decided change from that pursued by the German Republic and by the National Socialist government during its first three years of control.

What has occasioned the change and why has an active colonialism again become a major aim of Germany's Foreign Office? Immediately after the World War, the official attitude toward the lost territories overseas as well as in Europe was resignation, poignant witness to which was borne by the funereal evergreen wreath before the tablet inscribed "The Colonies" set in the wall of the *Feldherrnhalle* in Munich. The German Republic had its hands too full with pressing domestic difficulties, and occupied too impotent a position in foreign affairs, to enable it to accede to demands from colonial societies and enthusiasts for action, or even for a statement of policy,

[1] London *Times,* Feb. 21, 1938.

[2] *New York Times,* Nov. 22, 1937.

[3] *Ibid.,* Jan. 30, 1937; Oct. 5, 1937. Report of summary of recent speeches. Schacht, H. G., "Germany's Colonial Demands", *Foreign Affairs,* January 1937. Also see *infra,* pp. 197-199, 202, 204, 205.

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had it wished to do so. The colonial movement during the fifteen years after 1919 may be described as unofficial. Even Germany's entrance into the League of Nations in 1926 did not alter the government's attitude. At Locarno, Germany's "moral right to colonial mandates" was voiced,[4] but the administration took no action and made no pronouncement of policy. The high hopes entertained by those who expected results from German membership in the Mandates Committee of the League were doomed. Moreover, adverse critics of a colonial policy were not lacking to strengthen and supplement the negative attitude of the government.[5] Many such maintained that colonies were more a liability than an asset, that economically they were too costly, and that the government should first concentrate upon setting its own house in order. In view of the stupendous financial and political difficulties of the German Republic—its disunion, its many parties, its economic disorganization, its Socialist control, its lack of prestige abroad—the fact that it failed to adopt a definite colonial policy is not strange.

But to state that the colonial movement in post-war Germany was unofficial for fifteen years is not to say that it was dead; quite the opposite was the case. The more indifference to the colonial question displayed by the government, the greater and more resourceful became the activities of the *Kolonialgesellschaft* and similar organizations; the louder and more insistent became the propaganda of colonial enthusiasts both at home and abroad. These latter consisted of four main groups: the colonial ex-officials, the ex-military; the professionals, such as physicians, engineers, teachers, missionaries, agricultural and industrial experts; the merchants, traders, owners of transportation lines, planters, farmers; and, finally, those 100 per cent patriots and nationalists who had never seen the colonies.

[4] Stresemann, G., *His Diaries, Letters and Papers*, II, pp. 182, 198.

[5] Moock, W., in *Hochland*, Sept. 1928, pp. 561-571; Etscheit, A., in *Deutsche Rundschau*, Aug. 1928, pp. 111-118; Mendelssohn-Bartholdy, A., in *Europäische Gespräche*, Nov.-Dec. 1932, p. 310; *Europäische Gespräche*, Dec. 1927, Report of questionnaire sent by Auswärtige Institut in Hamburg to government officials on the advisability of a colonial policy. One half replies opposed.

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To facilitate and strengthen this unofficial colonial movement, a "merger" of some twelve groups, all working in various ways for colonial interests, was effected in 1922 under the title of the *Kolonialarbeitsgemeinschaft*, the "*Korag*". The *Kolonialgesellschaft*, however, still maintained its position of leadership in the new organization. Thus centralized and revitalized, the colonial movement focused its efforts during the succeeding decade upon four major objectives: the campaign against the "colonial shame" inflicted by the Versailles Treaty, and the fight for treaty revision; the stimulation of German trade and settlement overseas; the promotion of colonial propaganda at home; and, finally, the unrelenting struggle for governmental action.

All the colonial groups and societies set to work at high tension. They employed the radio, the moving picture, school programs, "colonial days", "colonial weeks", and colonial exhibits to keep alive the knowledge of the extent, the beauty and value of the lost territories. Colonial ex-officers retained their titles; the *Kolonialschule* at Witzenhausen continued to train an ever-increasing enrollment of prospective colonials; the *Frauenbund* still maintained its schools for the preparation of girls as nurses, teachers, housewives in the colonies; university courses persistently instructed youth in the history, the languages, the flora, fauna and economic resources of the lost lands; and the great scientific *Institut* at Hamburg never ceased its researches into tropical diseases.[6] Literature of all kinds concerning the colonies poured from the press. Tours to Africa and the South Seas, visits to the lost lands were promoted. Never were the German people allowed to forget the colonies, and they were taught to assume the attitude that German possession was merely temporarily suspended.

Meanwhile, the *Kolonialgesellschaft* strove by every possible means to enlist governmental support, if only through a statement of attitude. It urged the Foreign Office to include Germany's right to a mandate in the discussions at Spa in 1920, at Locarno in 1925 and, as a condition of Germany's entrance

[6] Townsend, M. E., "The Contemporary Colonial Movement in Germany", POLITICAL SCIENCE QUARTERLY, March 1928.

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into the League of Nations, in 1926.[7] It pressed for decisive official action against the rumored plans of Britain and France to annex the mandates;[8] it demanded in the Reichstag that the return of the colonies be considered together with the whole reparations question, in the revision of the Dawes Plan and in the acceptance of the Young Plan; it insisted that the subject be discussed at the Hague Conference in 1929.[9]

But whatever effect these untiring efforts of *Korag* had upon the German people, the unrelenting drive of the *Kolonialgesellschaft* failed to influence the government. The only response from that quarter consisted of an official memorandum of December 1924, that at some future time Germany should be admitted to the mandate system; the references in two of Chancellor Stresemann's speeches (June 24, 1929; June 26, 1930) which recognized the economic need for colonies and justified the demands for their return;[10] the official statement at the Locarno conference that Germany possessed a "moral right" to colonial mandates, which was not pressed; and the memorandum presented by Dr. Schacht at the Paris Economic Conference, 1929, in which he demanded the return of the colonies as the basis of a supply of raw materials essential to German economic recovery.[11]

Finally, the disastrous economic effects of the depression, together with the rising political disorder and the waning of the Republic, emboldened colonial leaders to force their demands upon the government more directly. In 1931, Dr. Schnee, the newly elected President of the *Kolonialgesellschaft,* led a delegation to interview Chancellor Curtius;[12] Schnee's successor, Dr. Lindquist, persuaded Chancellor Brüning to include the colonies in the agenda for the Lausanne Conference,[13] which, as it transpired, the latter was unable to present. Dr. Lindquist won from Chancellor von Papen, however, a state-

[7] *Die Arbeiten der Deutschen Kolonialgesellschaft, Jahresbericht,* 1932, p. 5.

[8] *Übersee und Kolonial-Zeitung,* July, August, 1930.

[9] *Die Arbeiten der D. Kolonialgesellschaft, Jahresbericht,* 1932, pp. 5-6.

[10] *Ibid.,* 1931. Stresemann, G., *Speeches and Essays,* p. 69.

[11] *Übersee u. Kolzt.,* April 1931, p. 75.

[12] *Ibid.,* Jan. 1931, p. 4.

[13] *Ibid.,* July 1932, p. 149.

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ment "that while the government contemplated no diplomatic negotiations regarding the colonies, it has by no means abandoned the campaign for their return."[14] But these were all meager and insignificant fruits of a twelve-year campaign and, with the failure to discuss colonies at Lausanne, the colonial movement seemed to reach the nadir.

It is generally "darkest before dawn", however, and the year, which marked the death struggle of the German Republic, held new hope and encouragement for the colonial movement. Indeed colonial leaders termed 1932 the "year of decision".[15] Many elements in the German national life contributed to such an appellation. First and foremost, the rise of the National Socialist party was synonymous with the cry for "treaty revision"; its very being was rooted in that demand. Throughout the entire Fatherland rang Herr Hitler's fulminations against the "Versailles shame" and the "treachery of the Weimar cowards." In contrast to the weak and vacillating attitude of the German Republic, such a decisive battle-slogan of promised action won a resounding welcome and assent from all colonial enthusiasts. To them, *"Schluss mit Versailles"* meant the return of the colonies.

To be sure, the official program of the National Socialist party did not coincide with such an interpretation and Herr Hitler at that time was definitely anti-colonial. Point three of the program, it is true, stated: "We demand lands and territories [colonies] for the support of our people and the settlement of our surplus population."[16] But this statement found further elaboration in *Mein Kampf* as follows:

> Instead of a sound territorial policy inside Europe, our political leaders have preferred one of colonies and trade. . . . There can only be sense in our foreign policy if it offers opportunity for extending the space which our people inhabit in

[14] *Übersee u. Kolzt.*, Sept. 1932, p. 201. See also *International Affairs*, vol. XVI, no. 2.

[15] *Mitteilungen der Deutschen Kolonialgesellschaft*, 15 Jan., 1932 and *Übersee u. Kolzt.*, Oct. 1932, pp. 226-230.

[16] *Das Program der N.S.D.A.P.* by G. Feder.

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> Europe. For acquisition of colonies will not solve the question, nothing in fact but acquisition of territories for settlement which extend the area of the mother country itself. . . . We have finished with the pre-war policy of colonies and trade and are going over to the land policy of the future. . . .[17]

This anti-colonial attitude was further confirmed and elaborated by Herr Hitler (1931) in a statement regarding the principles of his party [18] in which he definitely indicated eastern and middle Europe as the future goal of German expansion—the object being a compact German state in Europe, politically and economically independent. At the same time he stressed the necessity of Germany's recovering her political might before colonies were to be thought of. Dr. Seitz, then President of the *Kolonialgesellschaft,* commenting upon this statement said: "This is doubtless a beautiful objective but one never to be realized. . . . We must cling to our original goal . . . not political power at the sacrifice of colonies, but political might and colonies." [19]

In spite of such an anti-colonial attitude displayed by its leader, colonialists saw in the National Socialist party "strong influences for a colonial policy" which, they thought, "would presently result in active measures." In 1932, Dr. Lindquist, successor to Dr. Seitz as President of the *Kolonialgesellschaft,* said: "The definite expressions of the party leader to the contrary (which have been widely advertised in the foreign press and partly misunderstood), it is thoroughly established that the N.S.D.A.P. demands colonies for the support of the population in its program which it considers unchangeable for all time. Besides, it fights most aggressively the 'colonial lies' as a dishonor to Germany." [20] If only for that last statement, the colonialists would have seen hope in the N.S.D.A.P. Frustrated, humiliated, exasperated by the impotence of the Weimar

[17] Hitler, A., *Mein Kampf,* pp. 741-743.

[18] *Die Arbeiten der D. Kolonialgesellschaft, Jahresbericht,* 1931, pp. 9-10.

[19] *Übersee u. Kolzt.,* August 1931, pp. 171-172.

[20] Interview with Dr. Lindquist and letter to the author, July 9 and July 29, 1932.

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Republic, they turned like so many others of their countrymen to a fresh leadership which promised what they most desired—"treaty revision" and "the end of internationalism".

In the second place, the year 1932 was termed a "year of decision" for the colonial movement because of the impetus given it by the celebration of the fiftieth anniversary of the *Kolonialgesellschaft*, founded in 1882. As the chief commemoration, a Jubilee Celebration was held in Berlin, October 13-16, to which Chancellor von Papen sent official greetings.[21] Many hundreds thronged the extensive colonial exhibit in Berlin and lesser ones throughout the nation. During the entire year an energetic campaign of propaganda was waged, no small part of which was the circulation of the volume *Volk ohne Raum*[22] and the dedication of monuments erected to colonial heroes. A remarkable example of the latter was the memorial erected in Bremen to those who had fallen in the colonies during the Great War. It consisted of a crypt over which was built a huge elephant of mortared brick. The whole was inscribed to "German Honor".[23]

So universal and intensive a celebration could not help but inject new life and enthusiasm into the colonial movement, which was rapidly identifying itself with the rising National Socialist hysteria. As the summons to the Jubilee itself indicated: "The hour of decision for Germany has arrived. The German people will no longer endure the chains with which Versailles has fettered them."[24]

Besides internal stimulation to the colonial cause, the year brought hope and help from abroad. At the close of 1931, Great Britain decided against carrying through the proposed plan for "closer union" of her East African possessions,[25] a decision hailed with joy by the colonialists for it put an end to

[21] *Übersee u. Kolzt.*, November 1932, pp. 257-258. *Mitteilungen der D. Kolonialgesellschaft*, 15 November, 1932.

[22] Grimm, Hans, *Volk ohne Raum*, 1931.

[23] *Übersee u. Kolzt.*, August 1932, pp. 173-175, 185.

[24] *Mitteilungen der D. Kolonialgesellschaft*, 15 July, 1932.

[25] London *Times*, Nov. 3, 1931, quoting from *Bluebook of Joint Parl. Com.*, vol. I, p. 15, Nov. 2, 1932.

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the fear, haunting them since 1926, that Tanganyika, former German East Africa, would lose its mandate status and be annexed. From the former colonies also came encouragement. The work of the *Kolonialgesellschaft* in promoting German interests throughout the lost territories was beginning to show results. From East Africa came news of the founding of the German *Bund,* whose chief task would be to continue the fight against annexation; and from Southwest Africa came accounts of the brave and difficult struggle waged there against the political and economic discrimination imposed by the Union's mandate rule, feared as the prelude to absorption and destruction of mandate status.[26]

As has been observed, the Nazis and the colonialists possessed much in common. They both suffered from an intense nostalgia; they both writhed under the loss of territories, the "disgrace of disarmament", and the supreme ineffectiveness of a government which played so inglorious a part in foreign affairs; they both hotly resented the "colonial lies", accusing Germany of gross colonial mismanagement; and they both belonged mainly to the parties of the Right, indeed the National party later absorbed by the National Socialists was an ardent champion of colonialism. With so many essentials of kinship, it was not strange that soon after the Nazis attained power, they began to absorb the colonial movement and direct it to their own ends. The general pattern of Nazi foreign policy coincided with the general aims of German colonialism; the essential goal of each was "revisionism". Furthermore, Nazi leaders did not overlook the considerable support, both numerical and ideological, afforded by the well-organized colonial groups and their less active sympathizers who from the first coöperated heartily with the new order; so much so, indeed, as to adjust their own organizations to the "*Führerprinzip*",[27] thereby providing easy steps if not an actual invitation to *Gleichschaltung.*

[26] *Die Arbeiten der D. Kolonialgesellschaft, Jahresbericht,* 1932, pp. 6-7.

[27] *Der Koloniale Kampf,* 15 May, 1933.

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Definite signs of a positive sympathy with colonialism can be found during the first two years of Hitler's rule although equally definite indications may be cited that he sponsored no measures to advance it or even to declare it as a policy. Shortly after his seizure of power, *der Führer* stated in a press interview that: "Germany has by no means abandoned her colonial efforts; . . . that the colonial problem must be justly solved; . . . that Germany required colonies imperatively as any other power."[28] The following month (March 1933) he received Dr. Schnee, head of the *Kolonialgesellschaft,* who hailed his new government as "the dawn of a new era from which we may expect the final attainment of our colonial goal."[29] It does not appear that this statement elicited any contradiction; nor did it on the other hand extract any promise. Later, the same year, Hitler said: "We shall never go to war to get colonies. We are convinced that we are as capable as any other nation of administration and development of colonies and we regard this as a matter for negotiation."[30] And he repeated this in a press interview the following year.[31]

On the other hand, Hitler took no definite steps to advance the cause. He failed to refer in any way to colonies in his speech at Potsdam, January 1933, when he seized command. In June 1933 when Hugenberg, Minister of Economics, made an earnest plea[32] at the World Economic Congress for the return of the colonies, he received no official support. Hugenberg evidently spoke on his own responsibility, reflecting the views of the Nationalist party of which he had been the leader, for his speech found no echo of official sanction; indeed he was recalled, and resigned on June 29.

The following year, however, the government made a positive move in the direction of colonialism, for it both supported

[28] *Die Deutsche Kolonialgesellschaft, Jahresbericht,* 1933, p. 4.

[29] *Der Koloniale Kampf,* 15 April, 1933.

[30] *Die Arbeiten der D. Kolonialgesellschaft, Jahresbericht,* 1934, p. 5. See also, *The New Statesman and Nation,* Dec. 4, 1937 (summarizing Hitler's position).

[31] *New York Times,* Oct. 22, 1934.

[32] London *Times,* June 17, 1933, p. 12.

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the Colonial Jubilee and began to absorb all the colonial organizations. The year 1934 marked the fiftieth anniversary of the founding of the German colonial empire and afforded a heaven-sent opportunity to colonialists to exploit the cause to the full. Beginning with April 24, the date on which Bismarck had extended the official protection of the imperial government over the trading settlements of Lüderitz, a Bremen merchant, in Southwest Africa, three great national celebrations were held: the second June 14-16, to commemorate the raising of the first German flag in Africa; the third in October, to memorialize Karl Peters and the acquisition of East Africa. The celebration at Kiel was the high spot of all three. At the beginning of the navy's "Kiel Week", there was staged a mammoth mass meeting of all the colonial groups and sympathizers in which the army, the storm troops and the navy coöperated. As a realistic touch, the Kiel police wore the uniform of the former colonial police. Other celebrations, exhibits and mass meetings were scheduled all over the country: the most notable at Cologne, at Goslar, where an interesting collection of maps was shown, at Frankfort and Chemnitz. Official greetings were affectionately sent to the natives in the former colonies. Three hundred and fourteen public lectures on the colonies were delivered to audiences totaling 115,000 persons.[33]

Government support of the 1934 Jubilee was evident throughout: the formal invitations to the celebrations summoned all to "a new struggle in the spirit of a new Germany", and closed with "Heil Hitler";[34] the programs all stated that they were "arranged in consultation with the propaganda ministerium", otherwise Herr Goebbels; and the administration went so far as to issue special postage stamps bearing the portraits of the four colonial pioneers—Lüderitz, Peters, Nachtigal and Wissmann. Such active promotion of colonial interests reflected growing governmental control, symbolized by the creation on May 5, 1934, of the *Kolonialpolitische*

[33] *Die Arbeiten der D. Kolonialgesellschaft, Jahresbericht*, 1934, p. 19.

[34] *Der Koloniale Kampf*, 15 May, 1934.

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Amt[35] under the direction of Ritter von Epp, the present (1938) incumbent. This was a Nazi resurrection of the old imperial *Kolonialamt* which had died in 1919. Set up by the order of Hess, its province was to direct all political and economic policies of the colonial movement, the press, the educational and propaganda activities. It was to work in close coöperation with the centralized administration of the *Kolonialgesellschaft* and to act as a liaison between it and the government. In other words, it was the first step toward complete *Gleichschaltung*. By 1934, Hitler's government had assumed direction of the colonial movement. Colonialism had become at least part of his domestic policy; incorporation of it into his foreign policy was soon to follow.

To the student of Germany's colonial history, there would appear to be an analogy between Hitler's caution in colonial matters during the first years of his rule and Bismarck's hesitation before the importunities of the colonialists of his day. In both cases the reason for delay seems the same—lack of sufficient political power and prestige either at home or abroad, or both. During the eighteen-seventies Bismarck was building up a strong, united Germany on the base of the Treaty of Frankfort, before he considered it safe to embark on the troubled seas of imperialism; so during the years 1933-1936, Hitler was reconstructing a strong Germany at home and abroad upon the ruins left by the Treaty of Versailles. When he had repudiated sufficient of the "shames" of that treaty—disarmament, reparations, the Saar, the naval strictures, the unoccupied Rhineland—then he would turn to a colonial policy.

The ensuing years 1935-1937 supplied the required conditions and, at long last, the Third Reich began to abandon its hitherto neutral position toward the colonial question in international affairs. As Herr Hitler pursued what to German eyes appeared as his brilliant foreign policy, so he approached closer and closer to adopting a definite colonial objective. His successive triumphs—in the Saar, in the Rhineland, in the Anglo-German naval treaty, in the repudiation of the Locarno

[35] *Die Arbeiten der D. Kolonialgesellschaft, Jahresbericht*, 1934, pp. 14-15.

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agreements, in the treaties with Italy and with Japan—gave him the requisite prestige abroad; while the success of his "unity and defense" program in Germany supplied the essential security at home. Apparently, like Bismarck in 1884, Hitler in 1935-1936 felt that the time for colonies was ripe. Again, external conditions favored such a policy. Mussolini's triumphant Ethiopian campaign focused attention upon German grievances in Africa and gave a fillip to German colonial aspirations; Sir Samuel Hoare's speech at Geneva (September 1935)[36] offered a proposal for international discussion of the redistribution of raw materials; the public recognition of Italy's rights in Africa by the projected Hoare-Laval treaty opened the question of German rights there also. Supporting the latter, considerable correspondence began to appear in the London *Times,* and no less a person than Lloyd George made a speech in which he stated that the "peace of Europe could only be restored if Germany were given back her colonies."[37]

As early as the spring of 1935 the adoption of a definite German colonial policy was foreshadowed in the Berlin interviews with Sir John Simon and Anthony Eden. At that time Hitler made it plain that the Reich had not abandoned its intention to reopen the colonial question.[38] This intention was confirmed and strengthened in his statement to Sir Eric Phipps, the British ambassador, in December of the same year, "that Germany would not consider Britain's proposals for an air pact until Germany obtained practical recognition of her demand for the return of the colonies."[39] Obviously, the events of 1935 had enabled *der Führer* to abandon his hitherto neutral attitude toward an official *Kolonialpolitik.*

The year 1936-37 marked the complete surrender of the government to colonialism and the projection of an aggressive campaign at home and abroad. A wave of "colonial consciousness" swept the country, both administration and people.

[36] *New York Times,* Sept. 12, 1935.

[37] *International Affairs,* vol. XVI, no. 1, p. 8. *New York Times,* Feb. 10, 1936.

[38] London *Times,* March 28, 1935, p. 8.

[39] *New York Times,* Dec. 27, 1935.

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Very appropriately, Propaganda Minister Goebbels set the wave in motion in January when opening the election campaign for the Reichstag: "The world must recognize that no solution of the great international problems exists except that which *der Führer* has indicated. . . . We hope for a solution of the colonial problem as well in the not too distant future. . . . But the time will come when we must demand colonies from the world."[40] He was reinforced by Dr. Schacht, Minister of Economics, who led the campaign on the basis of Germany's poverty and urgent economic needs. "The possession of colonial raw materials and raw material territories is essential for an industrial nation." He deprecated the "open door" in colonial territories, proposed by Lord Lugard of the Mandates Commission, as wholly insufficient for Germany "which must have her own raw materials within her currency sphere."[41] Hitler himself supported Goebbels and Schacht by his frequent references to Germany's poverty, the "heroic conception of wealth", the fact that "Germany was bursting" with population and ability, and finally, with the characteristic Nazi argument and doctrine of the "destiny of the white race to rule" over those inferior to it.[42] Just why the assumption of colonial responsibilities at this juncture would redeem Germany's economic plight, particularly in the light of recent reports which minimized the economic value of colonies, the National Socialists failed to make clear. But the "economic value" arguments were intensified during 1936-1937, especially in connection with the Four Year Plan.

This vigorous campaign of government leaders at home formed but a prelude to the much more important introduction of the colonial issue into Germany's relations abroad. In April (1936) Hitler assumed a bold stand. Enunciating his "peace proposals", he declared that Germany was ready to re-enter the League of Nations, "with the expectation that within a reasonable time and by means of friendly negotiations the

[40] Speech reported in *New York Times*, Jan. 17, 1936.

[41] *New York Times*, Feb. 9, 1936.

[42] *Ibid.*

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question of equality of colonial rights be cleared up."[43] Another member of the government, Julius Streicher, underlined the new attitude of the administration when, speaking in June at the Colonial Exhibit held in Nuremberg, he predicted that Hitler would bring back the colonies.[44] Finally, *der Führer* himself reinforced his dictum of the "peace proposals" by serving notice on the world at the great *Parteitag* in Nuremberg in September, "that Germany would not relinquish the solution of her colonial demands", by insisting upon "Germany's right to colonies", and by upholding the idea that the colonies "were never really lost."[45]

In thus introducing Germany's claim for colonies into his "peace plans", and in stressing the equality issue, Hitler shifted the emphasis of the colonial problem from the economic to the political plane, thereby making restitution of the lost empire a question of prestige for Germany. It was a most significant move, when considered in relation to its background, for Hitler's growing boldness corresponded closely to his general destruction of German isolation and to the specific development of his *rapprochement* with Italy throughout 1935-1936. Indeed, the culmination of that *rapprochement,* the Rome-Berlin axis, established by the agreement of October 25, 1936,[46] coincides exactly with the new mood of the German government with regard to the colonies. In return for German recognition of an Italian Ethiopia, Hitler was reported to have gained concessions in Africa;[47] he could indeed afford to talk about *Gleichberechtigung* in international circles.

At the close of the year (1936), moreover, the official campaign for *Kolonialpolitik,* so vigorously waged by government leaders at home, was carried into the enemy's camp by no less a government spokesman than the German ambassador to the Court of St. James's, Joachim von Ribbentrop. In his first speech to a British audience—a dinner for Anglo-German fel-

[43] From the memorandum of German Government to French Government and Other Signatory Powers of Locarno Pact, Berlin, 7 March, 1936.

[44] *New York Times*, June 10, 1936.

[45] *Ibid.*, Sept. 11, 1936. [46] *Ibid.*, Oct. 26, 1936.

[47] London *Times*, Oct. 26, 1936, pp. 13, 14, 15; Oct. 27, pp. 13, 15.

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lowship—he seized the occasion to thunder against the loss of colonies and to defend Germany's right to colonies as though he had been addressing seven hundred Brown Shirts. "The *Führer* sees now", he asserted, "that the possession of colonies for the supply of raw materials on the one hand and for world trade on the other are the two most essential means of improving the standard of life of his people from the present subsistence level." The new ambassador warned his hearers that Berlin would scrap the discriminatory part of the Versailles Treaty.[48]

Coincident with Von Ribbentrop's demand for colonial revision in England, appeared Dr. Schacht's plea to America to aid his country's "colonial hope". In his article in *Foreign Affairs,*[49] he held America morally bound to assist Germany to expand, reiterated all his economic arguments for a German colonial empire and suggested that sources for raw materials might be given Germany without cession of lands.

One other extremely important aspect of the new Nazi colonialism in foreign affairs was the assistance which the government began to render the Germans overseas in the old colonies, a task taken over from the *Kolonialgesellschaft.* Today it is giving support to all organizations of Germans, like the *Bund* in East Africa, and is encouraging and directing the economic ventures in the lost areas, such as the West African Plantation Company in former Togo.

The most conspicuous example of this Nazi help overseas is its recent diplomatic intervention in behalf of the Germans in Southwest Africa. On September 6, 1937, the Reich issued a "warning protest" charging the mandatory, the Union of South Africa, with declaring hostilities against Germanism by its proclamation of April 2, 1937, strictly limiting political activities and prohibiting military recruiting of Germans in that area.[50] The proclamation, so claimed the German government, violated the mandate agreement and the special agree-

[48] *New York Times,* Dec. 16, 1936.

[49] *Supra,* p. 186.

[50] *New York Times,* Sept. 8, 1937.

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ment of 1923 which assured German citizens of full opportunities for cultural and economic activities. Premier Hertzog was obliged to make a firm but conciliatory reply.

Furthermore, the Nazi government has taken care to buttress itself at home for a *Kolonialpolitik* abroad; it has completely absorbed the former colonial groups and their activities and completed the *Gleichschaltung,* begun in 1934. In June 1936, even the historic *Kolonialgesellschaft* was dissolved, so that the colonial movement "might possess more unity."[51] The *Reichs-Kolonialamt* has superseded the transitional structure of the *Reichskolonialpolitische Amt* and directs all propaganda and every activity of the colonial movement.[52] Symbolic of the change is the appearance of the swastika upon the colonial flag or emblem.

Significant is it also that the colonial propaganda functions now as never before through the formal educational system. When dictatorships are in earnest about specific policies, they inject the subject into their educational curriculum. Evidences may be found in the machinery set up to prepare materials for the schools, in the large number of lectures, 341, on colonial subjects regularly scheduled in higher schools and universities during 1936, and in the fact that forty doctoral theses of recent years have taken the colonies as their subject.[53] Popular education, also, is well served; the recent publication of a revised edition of the old *Kolonial-Atlas*, the wide dissemination of leaflets and pamphlets, especially one addressed to England, France and Japan accusing them of holding the mandates as "thefts",[54] are a few examples of this colonial propaganda which, like everything else in Nazi Germany, has become "official".

One measure of the strength and character of the present official colonial trend may be taken by considering the response which it has aroused in England. Throughout 1936 the

[51] *Deutsche Kolonial-Zeitung*, July 1936, pp. 167-168.

[52] *Ibid.*, Aug. 1936, Oct. 1936.

[53] *New York Times*, Feb. 10, 1936.

[54] *New York Herald Tribune*, Feb. 23, 1936.

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subject was constantly debated in Parliament. Early in the year, a group of Tories headed by L. S. Amery, former Minister of Colonies in the Baldwin government (1924-1929), formed a committee to combat the transfer of any British mandates or cession of any British colonial territory to Germany.[55] There exists in England a group of German sympathizers, in which are such well-known persons as the Marquess of Lothian, Lord Rennell, Lord Mount Temple and the Marquess of Londonderry. This group especially drew fire from the Tory committee. Again and again, the Baldwin government was asked its "intentions" as the colonial campaign waxed louder and louder in Germany. Both Mr. Baldwin and J. H. Thomas, colonial minister, replied that the government contemplated no cessation of mandates; but the "die-hards" insisted on a pledge covering all time, and deplored the lack of firmness on the part of the government.[56] Indicative also of the government's anxiety over the portent of Nazi colonialism was the fact that Anthony Eden included the colonial issue in his famous "questionnaire" to Hitler.[57]

During 1936-1937, then, both the government and British public opinion, in general, were hostile to German demands and that hostility perceptibly stiffened throughout the year. When Hitler proclaimed Germany's "right to colonies" in the Nuremberg *Parteitag* in 1936, the London *Times* stated: "There is no thought of yielding British possessions or mandates to Germany, and the more the subject is pressed in Britain, the more it turns British friends into enemies."[58] On February 12, 1937, it was reported that the German official demand for the return of the colonies presented by Ambassador von Ribbentrop to Lord Halifax, acting in the absence of Anthony Eden, was definitely and positively rebuffed;[59] and Eden from Geneva rebuked Hitler for his continued references to the colonial issue at the Nuremberg and subsequent festivals[60] in the autumn of 1937.

[55] *New York Times*, April 24, 1936.
[56] *Ibid.*
[57] *Ibid.*
[58] *Ibid.*, Sept. 11, 1936.
[59] *Ibid.*, Feb. 14, 1937.
[60] *Ibid.*, Oct. 5, 1937.

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Nevertheless, the insistent colonial demands arising from the German government, buttressed by its successful foreign policy, reached such a crescendo at the close of 1937 that they began to affect British public opinion and finally drew a response from Great Britain other than her former curt and blunt rejection. The fact that Mussolini, whose September visit to Hitler had further cemented the Rome-Berlin axis, reëchoed these demands by declaring that "Germany must regain her place beneath the African sun. . . . It is necessary that a great people like the German people recover the position which is due it" [61] was not without its effect in England. Indeed, the Duce's taunting words evoked a sharp retort from Anthony Eden.[62]

Meanwhile, a lively discussion of the colonial issue in official, semi-official and lay circles characterized the closing months of 1937, as debates in Parliament, editorials and magazine articles indicated.[63] A considerable section of British opinion seemed to favor some kind of colonial adjustment to Germany's advantage. Eminent Britishers, such as Viscount Cecil, Lord Snell, leader of the Labor party in the upper house, Sir Robert Horne, Sir Evelyn Wrench of the English Speaking Union, Lord Noel-Buxton, Lloyd George and others, expressed their belief in a serious consideration of the problem in connection with a "general settlement"; Viscount Samuel urged in the House of Lords the return of Germany's colonies along with the elimination of the "war guilt" clause.[64] But accompanying almost all these expressions of sympathy with Germany's "moral right" to colonies went a certain political hesitation, a kind of disapproval of any practical solution. This included: fear of Germany's "aggressive nationalism"; opposition to the "pooling of all colonial possessions"; dislike of transferring "masses of Negroes back under German rule"; apprehension of the "military and naval uses to which Germany might put"

[61] *Ibid.*, Oct. 29, Nov. 1, 1937. [62] *Ibid.*, Nov. 2, 1937.

[63] *International Affairs*, Jan.–Feb. 1938, p. 47. Nicolson, H., "Germany and the Colonies", *Fortnightly Review*, Dec. 1937, p. 641. Noel-Buxton, E., "England and Germany", *Contemporary Review*, Jan. 1938, p. 9.

[64] *New York Times*, Nov. 16, 17, 18, 1937.

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her returned colonies; fear for the "safety of the empire". In short, British opinion seemed to say: England wants to settle the colonial problem provided she loses nothing by it; and, above everything else, any concession must be part of a general settlement.

Finally, the British government, or that part of it led by Neville Chamberlain which displayed leanings toward German conciliation, made a significant move; Lord Halifax went to Berchtesgaden.[65] His interview with Hitler, although still shrouded in secrecy, included a discussion of the colonial issue. *Der Führer* was evidently asked to define his wishes in this respect. His reply, repeated in a speech in Augsburg soon afterwards, demanded the restitution of the German colonial empire but suggested that the restitution could wait, could be postponed in fact "for six years if Germany were permitted a free hand in Central Europe."[66] Both Great Britain and France agreed at their subsequent conference held in London[67] upon two major points with regard to the German demand: first, that it involved other countries, which seemed to indicate a plan, widely rumored but categorically denied by Eden,[68] to appease Germany by giving her a vast new colony including Belgian and Portuguese territory and the Cameroons;[69] and second, that Germany must be asked to give a *quid pro quo,* if she is to receive any colonies, which would preferably be her support of a general settlement providing security. To this, Berlin announced that "the German colonies are not to be made the subject of bargaining," and also, that Germany is not in-

[65] On the eve of Halifax's departure, both the *Manchester Guardian* and the *Evening Standard* (November 13, 1937) published what claimed to be Germany's bases for negotiations forwarded from Berlin through unofficial intermediaries. Among them appeared the proposed deal: Germany to renounce colonial claims for six years; Great Britain to give her a free hand in Central Europe. The German press, the official *Korrespondenz* (November 14, 1937), furiously denied a "deal" and made a violent attack on the British press.

[66] *New York Times,* Nov. 21, 22, 1937.

[67] *Ibid.,* Dec. 1, 2, 1937.

[68] *Ibid.,* Dec. 22, 1937. Eden stated in the House, Dec. 21: "We are not seeking a solution of the colonial problem at the expense of other powers."

[69] *New York Times,* Nov. 21, Dec. 9, 1937.

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terested in a "general settlement" but in direct bilateral agreements.[70]

In the consequent deadlock between these two positions, the colonial issue apparently remained during the opening months of 1938 a most significant part of the struggle between the principles of collective security and power politics. When power politics triumphed, with the split in the British cabinet and Anthony Eden's resignation, the demand for the unconditional return of the colonies emerged in Hitler's speech of February 20. "Such claims [colonial] cannot be averted by granting credits. . . . We do not want credits but a foundation to live. . . . I cannot allow that our natural claims shall be coupled with political business. . . . We do not want naïve assurances that we shall be permitted to buy what we need. . . . Such declarations are felt in our country to be only a mockery."[71] With these bold assertions Hitler disposed both of any general settlement and of the suggestions for the distribution of colonial raw materials and the colonial "open door", made by Paul van Zeeland in his *Report* of January 1938.[72] Indeed, Hitler's coupling of his expressions of contempt for Anthony Eden with his colonial pronouncements indicates how immeasurably the latter's resignation had strengthened his colonial policy. Hence, it was only to be expected that when Herr von Ribbentrop presented the German conditions of Anglo-German *rapprochement*, on the eve of the Austrian *coup*, "a recognition of Germany's colonial demands" should appear second in the list.[73] With the success of the "cold *Anschluss*", Hitler's method of power politics has overwhelmingly triumphed over collective security and the unconditional return of the German colonies remains to be realized by the latter principle.

There at present the subject rests with the world speculating upon how soon, in what way and where *der Führer* will fulfil

[70] *Ibid.*, Dec. 6, 1937. See also *The New Statesman*, Nov. 27, 1927, p. 864.

[71] London *Times*, Feb. 21, 1938.

[72] *New York Times*, Jan. 28, 1938.

[73] London *Times*, Feb. 21, 1938.

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his purpose. He has never indicated just which colonies are to be recovered.[74] But whenever the time, whatever the place and the method, the Third Reich has adopted in its fifth year a vigorous *Kolonialpolitik;* it has made the return of the colonies a major issue of its foreign policy and has assumed an intransigent and dictatorial attitude in regard to the time and the manner whereby the restitution shall be brought about. Such a position on the colonial issue is a far cry from that which dominated *Mein Kampf,* in which all talk of the re-acquisition of the colonies was condemned as "silly chatter", or as "criminally stupid"; in which the position was maintained that Germany's power must be founded not on colonies but on territory in Europe.

Like Bismarck before him, *der Führer* still clings to the principle of hegemony in Europe before venturing overseas. Both his recent offer to England to postpone the return of the colonies for a free hand in central Europe and his present advances in Austria and in Czechoslovakia confirm this belief. But Hitler has committed the Third Reich to a *Kolonialpolitik* that spells *Weltpolitik;* whether for internal support, supposed economic advantage, diplomatic position, prestige abroad, or for all four, who can say? The important issue is that one by one, Hitler has achieved his objectives: rearmament, the Saar, the Rhine, bilateral pacts, *Anschluss,* and, for the present at least, the destruction of collective security which jeopardizes the colonial settlement of 1919 and separates the colonial issue from a general settlement. The conquest of central Europe has begun; the colonies remain.

[74] Hitler disclaimed "any desire to return to Eastern Asia", however, in his February 20th speech.

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SOVIET STATE FARMS II

The Low Water-Mark of the State Farms *

WHATEVER the merit of the reorganization measures which were instituted in 1931, the work of the state farms in 1932 not only failed to show any improvement, but was probably the worst on record. In 1932 the state grain farms cultivated a total of 11.2 million acres, or 460,000 acres more than in 1931. The farms were better equipped with agricultural machinery than in former years, and they completed their work in less time than the collective and individual farms. This was viewed as a "new important step in the direction of improving the quality of socialist agriculture, and, particularly, as the first result of the successful realization of the Government Decree of November 27, 1931."[78] This official optimism, however, was not borne out by subsequent events.

"The state farms", it was pointed out, "must serve as models of socialist organization of agricultural production, of the faster and better harvesting of the crop, of harvesting without losses."[79] The joint bulletins of the Commissariat of Agriculture and the Commissariat of State Grain and Livestock Farms on the progress of the harvest left no doubt, however, that the work of the state farms lagged behind the notoriously poor work of the collective and individual farms. Although the number of combines on the state grain farms increased from 6,000 in 1931 to 11,000 in 1932, the acreage harvested by

* The first part of this study was published in the POLITICAL SCIENCE QUARTERLY for March 1938.—ED.

[78] "Sovkhozy, Pokazhite Primer Obraztsovoi Organizatsii Uborki!" (State Farms, Set an Example of Model Organization of Harvesting!), editorial in *Pravda*, July 5, 1932.

[79] "Ob Uborke Urozhaia i Khlebozagotovkakh" (Concerning Harvesting and Grain Collections), editorial in *Planovoe Khoziaistvo* (*Planned Economy*), No. 3, 1932, p. 9.

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combines decreased from 48.5 per cent (5.4 million acres) to 27.5 per cent (2.9 million acres), respectively.[80] As a matter of fact, on the eve of the harvesting season the farms had in working condition only 29 per cent of the combines, 21 per cent of the sheaf-binders and 14 per cent of all the threshers.[81] This situation was in part caused by a lack of spare parts and fuel oil, as well as by a shortage of skilled and unskilled workers. Moreover, the breakdowns of the machines were so numerous that their productivity reached the lowest level on record. The daily combine form set up by the Commissariat of Agriculture was 44 acres, but the actual daily performances averaged only 2 to 14 acres.[82] Poor cultivation of the soil was responsible for the weeds which overran many farm fields. They were so thick and luxuriant that on occasions they completely prevented the utilization of a combine.[83]

In the circumstances, a short crop and a reduced volume of grain collections were unavoidable. However, the very shortage of grain throughout the country forced the Soviet government to press the state farms for the fulfillment of their grain deliveries. In 1932 the grain deliveries from the collective and individual farms were reduced by 4,752,000 short tons in comparison with the 1931 program.[84] The same decree provided that the volume of grain from all the state farms be increased from 1,944,000 delivered in 1931 to 2,718,000; of this total the state grain farms were to deliver 1,980,000 short tons as against 1,152,000 tons in 1931.[85] The importance of

[80] *Selskoe Khoziaistvo S.S.S.R., 1935* (*The 1935 Agricultural Yearbook of the U.S.S.R.*) (Moscow, 1936), p. 729.

[81] *Sotsialisticheskoe Zemledelie*, daily (*Socialist Agriculture*), July 3, 1932.

[82] See note 79.

[83] Kraev, M., "Pobeda Sotsialisma v Selskom Khoziaistve" (The Victory of Socialism in Agriculture), *Planovoe Khoziaistvo* (*Planned Economy*), No. 6-7, 1932, p. 87.

[84] O Plane Khlebozagotovok iz Urozhaia i Razvertyvanii Kolkhoznoi Torgovli Khlebom (Concerning the Plan for Grain Collections, Harvest and Marketing of Grain of the Collectives), Part 2, sub. a, Decree of Council of People's Commissars of U.S.S.R., May 6, 1932.

[85] *Ibid.*, Part 2, sub. b.

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the state farms as a source of grain collections was thereby increased, and by this token "the struggle for every pood of grain, the struggle for the over-fulfillment of the grain collection plan, becomes the most important problem and a matter of honor with every worker of a state farm." [86]

Appeals to arms and to honor failed to meet with the expected response. Great as the government difficulties were in extracting grain from the collectivized and individual peasants, they were even greater in the case of the state farms. The blame for the failure of the grain deliveries was placed squarely upon the shoulders of the farm managers, and the unavailing exhortations to improve the work were supplanted by drastic measures. The punishments administered to a number of managers ranged from a mere reprimand and warning to more serious measures, such as the expulsion from the Communist Party, arrest and court trial.[87] It may be taken for granted that farm managers were not eager to have any of these punishments visited upon them, but even such a prospect could not move them to deliver grain which, they maintained, they did not have. The Soviet government succeeded, therefore, in collecting from the grain farms only 1,323,000 short tons as against the planned volume of 1,980,000.[88] Official figures on the total grain output of the state farms of all types and their area under grain indicate an average yield of ten bushels per acre.[89] Separate figures concerning the yields on state grain farms alone are not available, but, judging by the volume of grain collected from these farms and the seed requirements, the average yield must have been approximately six bushels per acre.

[86] "Sovkhozy, Pokazhite Primer Obraztsovoi Organizatsii Uborki!" (State Farms, Set an Example of Model Organization of Harvesting!), editorial in *Pravda*, July 5, 1932.

[87] *Pravda*, December 22, 1932.

[88] *Selskoe Khoziaistvo S.S.S.R., 1935* (*The 1935 Agricultural Yearbook of the U.S.S.R.*), p. 754.

[89] *Ibid.*, pp. 715-716.

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Organization and Aim of Political Departments

In 1932 poor results characterized not only the work of the state farms but that of the collective farms as well. From the government point of view, the causes of the difficulties could not be attributed to the nature of the state or collective farms as such, since both systems were rational, socialist forms of a progressive agricultural economy. Nor were the hired workers of the state farms or the collectivized peasants at the root of the trouble. According to Stalin the difficulties were due to the "a) infiltration of anti-Soviet forces into the collective and state farms with a view to sabotaging the work; and b) the faulty and un-Marxian approach to the collective and state farms on the part of a considerable number of Communists in the villages." [90]

The forms which the sabotage assumed are indicated in the following statement:

> Worming their way into the state farms as property custodians, bookkeepers, agronomists, storekeepers, unit managers, etc., these anti-Soviet elements are doing great damage to the state farms by premeditated wrecking of tractors and machinery, by poor cultivation of the soil, by bad care of livestock, by weakening of labor discipline, and by pillage of state farm property and, especially, of the state farm products (grain, meat, milk, butter, wool, etc.).[91]

The influence of these forces extended to the very top of the state farm management. This explains why "often the directors . . . are affected by bourgeois degeneration, do not carry out the orders of the Soviet Government, openly deceive the Communist Party and the Government, and dispose of the state farm production as if it were their own personal prop-

[90] Cited L. M. Kaganovich's report on *Tseli i Zadachi Politicheskikh Otdelov MTS i Sovkhozov* (*Aims and Tasks of the Political Departments of the Machine Tractor Stations and State Farms*) (Moscow, 1935), p. 15.

[91] "Tseli i Zadachi Politicheskikh Otdelov MTS i Sovkhozov" (Aims and Tasks of the Political Departments of the Machine Tractor Stations and State Farms), Resolution of the Communist Party of January 11, 1933, *Pravda*, January 13, 1933.

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erty."[92] And it was the combination of these factors which was responsible for the fact that,

> Instead of exemplary work in utilizing the technical equipment of the state farms and in demonstrating the advantages of large agricultural undertakings in comparison with small individual farms, capitalist tendencies sometimes made themselves felt in the state farms; there flourished criminal negligence toward state property, barbarous treatment of tractors, automobiles, combines, and livestock; products were pillaged and wasted; the government programs regarding the delivery of products were not fulfilled.[93]

The way out, the Soviet leaders maintained, was in a strong Communist leadership, the presence of which should be felt in every collective and state farm. In order to realize this policy the Central Committee of the Communist Party decided to organize special political departments in the machine tractor stations, which served the collectives, and in the state farms. They were to provide the "Party eye"; to exercise "control over all the branches of work and life" on the state farms, and turn them into "centers of mass political and educational work." More concretely,

> The foremost task of the political departments of the state farms is the securing of unconditional and timely fulfillment of their obligations toward the state, and, especially, the decisive struggle against attempts on the part of the managers and their assistants to oppose the narrow interests of their farms to the general interests of the state, and the struggle against the tendency to conceal surplus products instead of delivering such surplus to the State.[94]

The political departments were "in no case to replace the managers . . . of state farms, always remembering that the economic management . . . of the farms is carried on by the managers . . . upon their sole responsibility and authority."[95] In the same breath it was stressed, however, that the head of

[92] *Ibid.*
[93] *Ibid.*
[94] *Ibid.*
[95] *Ibid.*

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a political department was not only responsible for the political aspect of the state farm work, but that he also shared the responsibility of the manager "for the execution of the production plans."[96] It was to a large extent a system of dual management, with the preponderant influence in the affairs of a farm often exercised by the head of the political department. The latter was taking his orders directly from the Central Political Office of the Commissariat of Grain and Livestock State Farms and was appointed or dismissed only by the Central Committee of the Communist Party.

One of the first acts of the political departments was to make a clean sweep of all those who were considered to be obstructing the progress of the farms. The number of individuals affected reached into thousands.[97] Many managers were removed from their posts. The purge also extended to the Commissariats of Agriculture and State Farms; thirty-five officials and experts were shot in the spring of 1933 "for the organization of counter-revolutionary sabotage in the machine tractor stations and state farms in a number of regions in the Ukraine, North Caucasus and White Russia," while forty were given prison terms ranging from eight to ten years.[98]

The extermination of this group and the changes in the executive personnel of the farms were not sufficient to bring about a turn for the better in the state grain farm affairs. As in the past, the Soviet government was aware that so formidable a task could not be carried out successfully through the mere enactment of administrative measures. It supplemented them by a constantly increasing supply of modern agricultural equipment and financial assistance. The number of tractors on the grain farms was increased from 22,638 (510,791 HP) to 27,948 (598,369 HP) tractors. During the same period the Soviet government also supplied the state farms with 866 ad-

[96] *Ibid.*

[97] Soms, K., "Partiino-Massovaia Rabota Politotdelov Sovkhozov" (Mass-Party Work of the Political Departments on the State Farms), *Pravda*, October 18, 1933.

[98] *Izvestiia*, March 12, 1933.

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ditional combines and 2,618 additional trucks.[99] Perhaps even more significant was the fact that 1933 marked a definite end of acreage expansion on state grain farms. For the first time since 1929 their sown area was reduced by 3,000,000 acres or 23 per cent below the 1932 crop area.[100]

The all-pervasive activity of the political departments, favorable climatic conditions, and the increased volume of equipment accompanied by a reduced acreage under the grain farms augured well for a definite improvement in the state farm situation. As on so many previous occasions, however, the results belied the expectations. It was impossible to correct in three months what had been left undone for three years.

The harvesting plan, for instance, was based upon a widespread use of combines. It was estimated that they would require one worker where simple harvesting implements would require twenty, and that their proper utilization would reduce grain losses by 3 to 4.5 bushels per acre.[101] These plans, however, were upset by the fact that even on the better equipped farms a combine averaged only from 6 to 14 acres.[102] Instead of harvesting 5,700,000 acres or 70 per cent of the crop area of the grain farms according to the plan, the combines in 1933 harvested only 2,700,000 or 34 per cent.[103] The largest part of the crop had to be gathered by hand or horse-driven implements, thereby effecting a sudden change in the entire harvesting plan. At once the farms developed a sharp need for m[illegible] and horsepower, estimated at 8 million men-days and 2 million horse-days.[104] It was almost impossible to satisfy these requirements at the height of the harvesting season since the

[99] *Selskoe Khoziaistvo S.S.S.R., 1935* (*The 1935 Agricultural Yearbook of the U.S.S.R.*), p. 729.

[100] *Ibid.*, p. 715.

[101] Iurkin, T. A., "Sovkhozy Mogut i Dolzhny Rabotat Luchshe" (State Farms Can and Must Work Better), Report before XVII Communist Party Congress, *Pravda*, February 3, 1933.

[102] *Izvestiia*, August 12, 1933.

[103] Iurkin, "Itogi Selskokhoziaistvennogo 1933 goda i Vesenniaia Posevnaia Kompaniia 1934 goda" (Results of the 1933 Agricultural Year and 1934 Spring Sowing Campaign), *Izvestiia*, January 5, 1934.

[104] *Ibid.*

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collective farms could ill afford to spare either workers or horses. Hence, the delays in reaping as well as in binding and stacking the grain after reaping, and the considerable grain losses. No estimates of the total amount of grain lost in the field have come to the attention of the writer, but if an important state farm region of the Ukraine may be typical of a number of others, one may say that on many farms the losses were as high as one third of the crop.[105]

In 1933 the collective farms turned the corner as far as grain production was concerned. The collectivized peasantry reacted favorably to the new measures promulgated by the Soviet government in order to improve its economic status. The fields were better tilled and the crops were better harvested than during the previous two years, but, from the Communist point of view, the crowning achievement of the collectives was the voluntary and timely discharge of the grain obligations to the government. The opposite was true of the state grain farms; notwithstanding the great pressure upon them, they failed to set the pace for the collectives and individual farms, and they did not provide the government with the required amount of grain.

By 1933 it was obvious that it was far easier for the Soviet government to work out a grain procurement plan than for the state farms to carry it out. For this reason, perhaps, the original plan for 1933 called only for the delivery of 1,328,400 short tons of grain.[106] The Decree provided that "The state farms, as government enterprises, are under obligation to fulfill the grain delivery quotas before any of the other agencies, in accordance with the time limits set forth by the Government."[107]

[105] Feigin, V., "O Rentabelnosti Zernosovkhozov" (Concerning the Profitability of State Grain Farms), *Sotsialisticheskaia Rekonstruktsiia Selskogo Khoziaistva (Socialist Reconstruction of Agriculture)*, No. 12, 1935, p. 65.

[106] O Sdache Zerna Gosudarstvu Sovkhozami iz Urozhaia 1933 goda (Concerning the State Farm Grain Deliveries to the Government from the 1933 Crop), Decree issued jointly by the Council of People's Commissars of the U.S.S.R. and the Central Committee of the Communist Party, June 21, 1933, *Pravda*, June 22, 1933.

[107] *Ibid.*

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The time limits referred to were the months of July, August and September. The original plan was based on the assumption that the state farms will harvest an average crop [108] but as the prospect of getting a crop above the average increased, the government raised the original figure of the state grain farm deliveries to 1,710,000 short tons.[109] In order to facilitate the grain collections, the Commissariat of State Farms issued an order to the effect that "Under the personal responsibility of the farm managers, 'Grain Trust' directors and representatives of the Commissariat *must turn over to the Government the entire commercial output without exception and without any excuse whatever.*" [110] Failure to turn over the commercial grain remaining after the fulfillment of the quotas would be met with severe punishment befitting "deceivers of the Government and pillagers of socialized property." [111] But all the threats and exhortations were of no avail. While all the collective farms paid up their grain tax by December 15, grain collections from the state farms continued throughout most of the winter without bringing them to a successful close. The total volume of grain which the state farms turned over to the government amounted to 2,160,000 short tons,[112] instead of the expected 2,736,000 tons; the share of the state grain farms was

[108] Just how large this yield might be was not indicated.

[109] Ob Okonchatelnom Plane Khlebosdachi Sovkhozami Po Iuzhnym Raionam S.S.S.R. (Concerning the Final Grain Deliveries Plan of the State Farm in the Southern Regions of the U.S.S.R.); Ob Okonchatelnom Godovom Plane Khlebosdachi Sovkhozami iz Urozhaia 1933 goda Po Tsentralnym i Vostochnym Raionam S.S.S.R. (Concerning the Final Yearly State Farm Grain Delivery Plan in the Central and Eastern Regions of the U.S.S.R. from the Crop of 1933). Both Decrees issued jointly by the Council of People's Commissars of the U.S.S.R. and the Central Committee of the Communist Party; the first, on July 13, 1933, *Pravda*, July 14, 1933; the second on August 10, 1933, *Pravda*, August 11, 1933.

[110] Sdacha Vsei Tovarnoi Produktsii Gosudarstvu Perveishaiia Obiazannost Sovkhozov (Delivery to the Government of the Entire Commercial Production of the State Farms Is Their Most Important Duty), Order of the Commissariat of State Grain and Livestock Farms of July 2, 1933, par. 1, *Pravda*, July 3, 1933. Italics in the Order.

[111] *Ibid.*

[112] *Selskoe Khoziaistvo S.S.S.R., 1935* (*The 1935 Agricultural Yearbook of the U.S.S.R.*), p. 716.

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estimated at 1,098,000 short tons,[113] compared with the planned volume of 1,710,000 tons.

The Search for Causes and Remedies

Stalin, in his report before the Seventeenth Congress of the Communist Party, declared that "The collective farms have conquered finally and irrevocably."[114] Thus he implied that in 1933 the grim struggle waged by the Communists for a collective agricultural system had come apparently to a successful end. On the other hand, their strenuous efforts to solve the state farm problem had not met with similar results. This was the more remarkable because only in connection with the collective farm movement were the Communists compelled to fight against such heavy odds as the individualistic, bourgeois proclivities of the great mass of the peasantry. No difficulties of this kind were involved in the setting up of state farms. Their land was owned by the Soviet government and was, therefore, unencumbered by peasant opposition to a new agricultural system. The government equipped the farms with the most modern agricultural implements and was readily assisting them at every turn, yet the state farms, which were supposed to be the very backbone of the socialist agriculture, made a poorer showing than the collective farms. That the government felt keenly the failure of the state farms to live up to expectations is evident from the following statement made by Stalin at the Seventeenth Congress of the Communist Party:

> If the huge investment of the State in the state farms be compared with the actual results they have achieved, a tremendous disparity will appear to the disadvantage of the state farms.[115]

What were, then, the causes which brought about such a state of affairs? What were the factors which resisted so successfully the numerous measures promulgated by the Soviet government, including those of 1933, in order to raise the state farm work from its low level? Questions of a similar nature

[113] *Ibid.*, p. 729.

[114] *Pravda*, January 28, 1934.

[115] Stalin, J., *Voprosy Leninisma* (*Problems of Leninism*) (Moscow, 1934, 10th ed.), p. 567.

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had been asked ever since the inauguration of the state farm movement, but they had to be raised anew in the hope that this time the answers might suggest a proper remedy.

The difficulties were outlined at great length by the Commissar of State Farms early in 1934, but they revealed nothing that had not been pointed out on previous occasions. There was the same old practice of "management on paper", of lack of discipline, of little consideration for the living and working conditions of the labor force, and of poor utilization of modern equipment. The enumerated shortcomings gave no clue that anything was wrong with the underlying concepts upon which the farms were built. It remained for Stalin to point this out at this time. In answer to his own query concerning the causes of the great disparity between the capital invested in state grain farms and the returns, Stalin said that

> The principal cause of this disparity is the circumstance that our state grain farms are too unwieldy, the directors are not coping with the huge state farms, the state farms themselves are too specialized, they have no crop rotation and fallow fields, they have no livestock breeding elements in their make-up. It is obviously necessary to divide up the state farms and liquidate their undue specialization.[116]

To be sure, this point received official recognition on a previous occasion, but Stalin's strong statement gave a new impetus to the movement of reducing the size of the farms. His statement was also an indictment of the two basic assumptions upon which the state farms were built and a complete reversal of his own position.[117] The first was that, under the

[116] *Ibid.*

[117] The following is an excerpt from a speech delivered by Stalin, commemorating the twelfth anniversary (1929) of the October Revolution: "The 'scientific' denials of the possibility and expediency of creating large-scale grain factories from 125,000 to 250,000 acres each have proved to be hollow and groundless. Practice has refuted the objections of 'science,' and it has once more been demonstrated that not only has practice to learn from 'science,' but that 'science' has a lot to learn from practice. Large-scale grain factories do not take on in capitalist countries. But our country is not a capitalist country. This is a 'trifling' difference which should not be over-

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Soviet economy, the larger a state farm the smaller would be the cost of production. This idea was reflected in the establishment of state farms of enormous size. The soundness of this policy was questioned early in 1932, when it was decided to reduce the size of the farms. Yet the belief in the beneficence of "bigness" was so strong that even the reduction of the grain farms to an average size of 140,000 acres was viewed as only a passing phase; expansion was to be resumed at some future date. Approaching the problem from a practical point of view Stalin's authoritative pronouncement against the unwieldiness of the state farms put to rest theoretical concepts of the size of a state farm, which had not stood the test of practical application.

The second assumption against which Stalin inveighed dealt with the problem of monoculture or narrow specialization in the state farms. Those responsible for the establishment of the farms were of the opinion that in large-scale agriculture, as well as in industry, technical progress was closely bound up with specialization, and, by this token, with a low cost of production. In order to produce at a lower cost, the state grain farms were ordered to raise grain, chiefly wheat, and nothing else. Proposals for a more diversified economy were ruled

looked. In order to create large-scale grain factories in capitalist countries, where private ownership in land prevails, large tracts of land have to be bought up and absolute ground rent has to be paid; which, of course, lays a *heavy* burden on production. In our country there is no such thing as absolute ground rent, or the purchase and sale of land, for private property in land does not exist. Therefore conditions favour the development of large-scale grain farms. The purpose of large-scale farming in capitalist countries is to extract the maximum of profit, or at least to extract the so-called average rate of profit, without which, in fact, there would be no stimulus for the investment of capital in large-scale grain production. In our country, on the contrary, large-scale grain-producing enterprises are at the same time State enterprises, and therefore do not require for their development to extract a maximum of profit, nor even the average rate of profit; they can limit themselves to a minimum of profit and even at times forgo profits altogether, which again favours the development of large-scale grain farms. Finally, in capitalist countries large-scale grain farming does not enjoy credit and taxation privileges, whereas under the Soviet system, which is designed to encourage Socialist economy, such privileges exist and will continue to exist. Our esteemed 'scientists' overlooked these few simple facts." Stalin, J., *Leninism* (London, 1932 and 1933. Translated by Eden and Cedar Paul), vol. 2, pp. 248-249.

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out. The fact that during 1931 to 1933 an average of 98 per cent of their cultivated land was under grain, of which wheat accounted for 75 per cent, shows how well this idea took root.

Without going into the problem of the advantages or disadvantages of monoculture in general, it may be stated that monoculture as practiced on the state grain farms meant neither reduced cost of production nor increased output per unit of land. The disregard of crop rotation and the limited use of fallow and planting of grain year after year, coupled with poor working of the land, could not but have a detrimental effect upon the fertility of the soil. In 1934, when this problem was subjected to a thorough examination, it was pointed out that the narrow specialization of the state grain farms "was contrary to agricultural science, completely rejecting the principle that crop rotation is one of the most important measures for increasing yield."[118] Stalin's condemnation of the policies which led to such results put an end to another fetish which was at the basis of state farm planning. It was emphasized now that only by adhering to the basic elements of agricultural science, and by introducing livestock breeding into the state grain farms, could a more diversified and self-sufficient agricultural system be achieved.

Recent Developments

Not all of the measures suggested by Stalin could be carried out on short notice, but during the years 1934-1936 certain improvements had been achieved. The size of the state grain farms was reduced from an average of 122,000 acres per farm in 1933 to 75,000 acres in 1934, while average area under cultivation on a farm decreased from 34,000 to 23,000 acres. During the same period the number of farms increased from 234 to 357.[119] In order to cut down the high labor turnover

[118] Basiuk, T., "Uroven Spetsializatsii Selsko-Khoziaistvennogo Proizvodstva" (Decree of Specialization in Agricultural Production), *Sotsialisticheskaia Rekonstruktsiia Selskogo Khoziaistva* (*Socialist Reconstruction of Agriculture*), No. 5, 1934, p. 16.

[119] *Selskoe Khoziaistvo S.S.S.R., 1935* (*The 1935 Agricultural Yearbook of the U.S.S.R.*), p. 728.

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among skilled workers and specialists, measures were taken to improve living conditions. The Soviet government was assisting the workers in building their own houses and providing them with orchards and garden plots as well as livestock and poultry. The normal wage rates of skilled workers and specialists were raised 15 per cent, provided they had been employed on the same farm for not less than one year; those with a record of not less than two years of continuous employment were to receive a 30 per cent increase.[120] The principle of rewarding the worker in accordance with the quantity and quality of work performed was reiterated in a number of decrees. The extent to which the Soviet government was ready to go in order to increase the productivity of farm labor is indicated in the following summary of a decree establishing a new wage scale.[121]

An operator of a 15-foot combine harvesting 7 hectares per day was to get 2.5 rubles per hectare and 4 rubles for every hectare above 7. Having harvested 160 hectares in less than 30 days, he was to receive a bonus of 2 rubles for every hectare above that figure. A combine operator who harvested more than 160 hectares within a 30-day period was also entitled to an additional bonus of 10 poods of grain, while one with a record of more than 300 hectares received a special bonus in grain amounting to 25 poods. The decree also stressed that the combine operator would be remunerated only on the basis of the acreage and the quality of work actually performed and "delays of all kinds and repairs carried out while in the field will not be paid for." Another important provision was that the combine operator must become a permanent worker on the farm; after the harvesting season he was to be employed there

[120] O Razukrupnenii Zernovykh Sovkhozov (Concerning the Reduction of the Size of the State Grain Farms), Decree issued by the Council of People's Commissars of the U.S.S.R., December 22, 1933.

[121] O Rabote Kombainov i ob Oplate Kombainerov v Sovkhozakh i MTS (Concerning the Work of the Combines and Remuneration of Combine Drivers in the State Farms and Machine Tractor Stations), Decree issued by the Council of People's Commissars and Central Committee of the Communist Party, April 19, 1935, *Pravda*, April 20, 1935.

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as a tractor driver, head of a tractor brigade or skilled repair shop worker.

These measures had a salutary effect upon the utilization of tractors and combines. Whereas during the 1933 season a tractor plowed an average of 504 acres, in 1936 this figure was raised to 733 acres. In 1936 the combines harvested 98 per cent of the entire grain crop; the average performance per combine reached 628 acres as against 227 in 1933.[122] This achievement was viewed as a "veritable revolution", in the utilization of modern agricultural equipment on the state grain farms. It should be noted, however, that the utilization of combines, particularly in eastern and Siberian regions, still meets with great difficulties, and in many cases their individual output is considerably lower than the indicated averages.

The ability to utilize the combines with greater proficiency brought about an important result; it reduced materially the number of seasonal workers. "In the past", a Soviet writer points out, "no one as a rule paid any attention to the number of workers hired for the entire season."[123] The result was over-staffing and an increased labor cost not anticipated by the yearly plan. That considerable improvement has been achieved in this respect is shown by the fact that in 1935 the actual number of seasonal workers was reduced to 47,060 as against the planned figure of 80,148.[124] A reduction was effected also among the office workers and among the service workers; the number of the former declined from 18,862 in 1934 to 11,386 the year following, and that of the latter from 18,277 to 10,107.[125] This enabled the state grain farms to cut down the wage outlays by some 50 million rubles. The state grain farms also experienced a drastic reduction in the high labor

[122] Kuznetsova, I., "Sebestoimost Zernovoi Produktsii v Zernosovkhozakh" (Cost of Grain Production in the State Grain Farms), *Planovoe Khoziaistvo* (*Planned Economy*), No. 2, 1937, p. 74.

[123] Kachkin, P., "Proizvoditelnost Truda v Zernosovkhozakh" (Productivity of Labor in the State Grain Farms), *Sotsialisticheskaia Rekonstruktsiia Selskogo Khoziaistva* (*Socialist Reconstruction of Agriculture*), No. 2, 1936, p. 90.

[124] *Ibid.*, p. 93.

[125] *Ibid.*, p. 93.

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turnover which had affected their work very adversely in the past. In 1935 the labor turnover among combine operators and tractor drivers was estimated at from 10 to 15 per cent, as against 60 per cent in 1933 and 40 per cent in 1934.[126]

The drastic reduction of the labor force on the state grain farms went hand in hand with an increase in the productivity of labor. In 1934 every 100 hectares of harvested area called for the services of seven workers of all categories, but in 1935 the same amount of work was performed by five workers.[127] It was claimed that higher productivity was reflected in the earnings of the state farm workers, as illustrated in the following table.[128]

Type of work	1934	1935	Increase 1935 is over 1934
	Average pay in rubles	Average pay in rubles	Per cent
Permanent	1,780	2,188	23
Seasonal workers	773	1,154	49
Apprentices	561	791	40
Engineers and technicians	4,669	5,298	13
Clerical	2,158	2,681	24
Service	868	1,018	17
Average for all categories	1,524	1,980	13

A more skilful utilization of the tractors and combines caused a sharp decline in the consumption of oil and gasoline. In the spring sowing of 1935 the per acre consumption on the state grain farms was only 30 per cent of that of 1933; during harvesting and fall plowing per acre consumption of oil and gasoline was 51 per cent and 16 per cent, respectively, of that used in 1933.[129]

Improvements were noticeable in the cultivation of the soil. From 1933 to 1936 the area under fallow was increased from 2,745,000 acres to 5,245,000 acres, while during the corresponding period the area under fall plowing showed an increase

[126] *Ibid.*, p. 93.
[127] *Ibid.*, p. 92.
[128] *Ibid.*, p. 93.
[129] *Ibid.*, p. 92.

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from 1,449,000 acres to 3,879,000 acres.[130] The relatively shorter schedules of the sowing and harvesting operations of the state grain farms is yet another sign of recovery. In 1933, for instance, even the farms located in the south could not complete the harvest before December, but in 1936 most of the farms throughout the Soviet Union gathered in their crops by the end of August. Narrow specialization was beginning to give way, but very slowly. Livestock in the state grain farms is on the increase; from less than one head of cattle per 100 hectares in 1933, it increased to three heads in 1936. On the other hand, diversification of crops in the state grain farms has shown little progress. In 1936 over 95 per cent of the cultivated area was still under grain.[131]

GOVERNMENT GRAIN COLLECTIONS FROM THE STATE GRAIN FARMS, 1929–1935

Year	Planned	Actual		Per cent state farm deliveries is of total government collections
	1,000 short tons	1,000 short tons	Per cent of planned	
1929	..	55	..	.3
1930	..	523	..	2.1
1931	[a] 2,790	1,163	42	4.6
1932	1,980	1,327	67	6.4
1933	1,710	1,093	64	4.2
1934	1,296	1,351	104	4.6
1935	1,466	1,872	128	6.0

[a] Average of minimum and maximum planned figures. Compiled from official Soviet sources.

From the government standpoint one of the most important achievements was the completion of the grain deliveries by September 15, or two and one-half months earlier than in 1934. By October 10 they returned the grain loans which the government granted them on previous occasions, and at the same time they completed the delivery of an additional volume of grain in consequence of a special order issued by the Soviet government. Altogether they supplied a total of 1,872,000 short tons

[130] Kuznetsova, *loc. cit.* [131] *Ibid.*, p. 77.

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of grain as compared with 1,351,000 tons in 1934. This represented 6 per cent of the entire volume of grain collected by the Soviet government in 1935 from all sources. Thus, only in 1935 the state grain farms fulfilled the task set for them by Stalin in 1928, a task which called for the production of 1,800,000 tons of commercial grain in four or five years. While fulfillment of the grain collection plans was reported in both 1936 and 1937, data concerning the quantities are not available at this writing.

Costs and Returns

Despite the strides forward made by the state grain farms in recent years, they failed to lessen, to any notable extent, the disparity between the planned and the actual performance. In official circles this was not attributed to the fact that too much was expected of the farms, but that they accomplished too little in two important respects: in reducing the costs of production and increasing the yield per acre. The development of the state grain farms shows that year after year the actual output was invariably below that anticipated, while the reverse was true in the case of the cost of production. The Commissar of State Farms declared that in 1935, one of the most successful agricultural years, they failed to carry out their most important task, the output plan.[132] His first assistants remarked that, "Although in 1935 the cost of grain production was considerably less than in former years, it remained, nevertheless, at a high level."[133] Just what that level was in absolute terms, either prior to or during 1935, was not revealed. It is known, however, that the costs of cultivating one hectare of spring wheat during the years 1933, 1934 and 1935 were 42, 44 and 9 per cent, respectively, higher than the planned cost.[134]

[132] Kalmanovich, M. I., from a speech delivered before the Council of the Commissariat of State Grain and Livestock Farms, *Sotsialisticheskaia Rekonstruktsiia Selskogo Khoziaistva* (*Socialist Reconstruction of Agriculture*), No. 3, 1936, p. 225.

[133] Iurkin, T. A., "Zernovye Sovkhozi v Peredovuiu Sherengu" (State Farms to the Front Rank), *Sotsialisticheskaia Rekonstruktsiia Selskogo Khoziaistva* (Socialist Reconstruction of Agriculture), No. 11, 1935, p. 65.

[134] Kuznetsova, *loc. cit.*, p. 81.

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The basic cause of the low output and high cost of production was the low yield. In 1935 "even our best state farms", a Soviet official pointed out, "failed to produce a satisfactory yield." How to raise it is a matter of utmost importance in view of the plans to raise the country's grain production to 126 or 144 million short tons in the next three years. The state grain farms must increase their output in order to carry out their share in the huge task. This could be achieved through an acreage expansion, or a higher yield, or both. Due to the emphasis in recent years upon increased production through better cultivation of the soil, rather than through larger acreage, the cultivated area of the state grain farms declined from 11,000,000 acres in 1932 to 9,000,000 acres in 1935. The decline was most pronounced in the dry regions, where the precipitation is below 14 inches; the reductions would have been greater but for the fact that during the same period the area under the grain farms in the more humid regions actually increased by 20 per cent.[135] All efforts are concentrated now upon a higher yield, particularly because only a yield larger than that of 1935 by as much as 50 to 100 per cent could raise the total output to the expected level. This is the meaning of the pronouncement that "We must compel the state farm land to yield abundant crops."[136] Certain characteristic features of some of the state grain farm land described previously make it very doubtful that it will yield good crops year in and year out, even if men, machines and agricultural science were well attuned to this purpose.

The low yield and the constantly increasing capital investments did not augur well for the profitableness of the state farms. Prior to 1935 the problem of whether the state grain farms, or any other group of farms, were profitable agricultural

[135] See: Timoshenko, V. P., *Soviet Agricultural Reorganization and the Bread-Grain Situation*, published by the Wheat Studies of the Food Research Institute, Stanford University, California. April 1937, p. 338.

[136] Iurkin, T. A., from a speech delivered before the Council of the Commissariat of State Grain and Livestock Farms, *Sotsialisticheskaia Rekonstruktsiia Selskogo Khoziaistva* (*Socialist Reconstruction of Agriculture*), No. 3, 1936, p. 230.

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undertakings did not come up for any serious consideration. The main attention was concentrated upon the increase of agricultural output—cost what it might. Most of the state farms operated at a loss, and it remained for the government treasury to make good that loss. Stalin's reference to the work of the state farms early in 1934 shows that the Soviet government was increasingly aware of the problem created by a practice which has continued since the inception of the state farm movement. Yet he justified this practice on the following ground:

> Profitableness cannot be looked upon from a purely commercial point of view or from that of a given moment. It must be considered from the standpoint of the national economy as a whole, from the long range perspective . . . and this holds true not only of industry, but even to a greater degree of the collective and state farms.[187]

The latter, he maintained, were still weak, not fully shaped economic organizations. For this reason, "the greater number of the farms could not be profitable undertakings. But there should not be any doubt that, in the manner of the Soviet industry after 1921, they will operate at a profit within the next two or three years." [188]

Stalin's prophecy was true only in part. In 1935 and 1936 a number of state farms, among them grain farms, showed a considerable profit, but they represented a small portion of all the farms; the greater number of them had to be subsidized to cover their losses. From the Soviet standpoint, such a state of affairs could be tolerated only so long as the state grain farms belonged in the "infant industry" category. But in the opinion of the Communists, the thoroughly mechanized and equipped farms were out of that stage. "At the present moment," the Commissar of Agriculture of the Soviet Union remarked, "the basic criterion of evaluating the successful work of socialist agriculture undertakings is absence of subsidies, profitable operations and capital accumulation. The results of

[187] Stalin, *Voprosy Leninisma* (*Problems of Leninism*), p. 498.

[188] *Ibid.*, p. 499.

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1935 show that all conditions for achieving such results are at hand." [139]

Not all of the state farm managers found themselves in agreement with the latter part of the statement. They were of the opinion "that with the prevailing gasoline prices, wage rates and prices for other materials, it was extremely difficult

STATISTICAL SUMMARY OF STATE GRAIN FARMS OF U.S.S.R.

Items	1929	1930	1931	1932	1933	1934	1935	1936
Number of farms	55	143	182	228	234	357		
Total area (in million acres)	12.5	30.4	37.1	31.7	28.5	26.7		
Cultivated area (in million acres)	.4	2.9	10.7	11.2	7.9	8.1	9.0	
Per cent grain is of total acreage	99.5	99.7	99.3	95.8	98.3	97.1	95.5	95.2
Wheat area:								
Million acres	..	2.5	8.8	8.0	5.5	5.3		
Per cent of total Soviet wheat area	..	2.9	9.5	9.3	6.7	6.0		
Average size of a farm (in 1,000 acres)	228	213	204	139	122	75		
Average cultivated area per farm in 1,000 acres	6.7	20.5	59.0	49.1	34.0	22.7		
Total number of workers employed	..	..	125,143	170,665	189,304	218,142		
Permanent	..	..	74,140	104,542	100,792	137,994		
Seasonal	..	..	51,003	66,123	88,512	80,148	47,000	
Number of tractors	2,922	9,792	18,775	22,638	27,948	27,913		
Tractor capacity in 1,000 H. P.	61,427	250,743	474,144	510,791	598,369	646,548		
Number of combines	45	1,741	6,339	11,477	12,343	14,075		

Source: *Selskoe Khoziaistvo S.S.S.R., 1935* (*The 1935 Agricultural Yearbook of the U.S.S.R.*), pp. 728-729.

to reduce the cost of production." [140] Furthermore, a number of managers maintained that "the solution of the problem of carrying on state farm operations without subsidies depended upon the change in prices for grain and livestock products de-

[139] Chernov, M., "Selskoe Khoziaistvo na Pod'eme" (Agriculture on the Upgrade), *Sotsialisticheskaia Rekonstruktsiia Selskogo Khoziaistva* (*Socialist Reconstruction of Agriculture*), No. 11, 1935, p. 54.

[140] Iurkin, T. A., "Zernovye Sovkhozi v Peredovuiu Sherengu" (State Farms to the Front Rank), *loc. cit.*

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livered to the Government." [141] While there may be some justification for this argument, it remains true, nevertheless, that a mere altering of the price system could not turn the state grain farms into profitable enterprises. Such a method would only tend to obscure the fact that, in view of the record of the grain farms over a period of years, "the key to profitableness lies in an improved process of production," [142] i.e., in higher yields, and the general elimination of inefficient farming. From the Soviet point of view, the means toward such ends were undoubtedly available by 1935. This explains the growing insistence that the state grain farms can and must become profitable undertakings.

Conclusion

The development of the state farms is at a stage where certain general conclusions are warranted. It may be true that the question whether large-scale farming of the state grain farm type is superior or inferior to collective farming now prevalent in the Soviet Union cannot be fully answered at the present time; the answer will have to be deferred until more data are available concerning the quality of the land, the yield, and the cost of production of the respective types of farming. But the available information is sufficient to suggest an answer to the question of the rôle of the state grain farms in Soviet agricultural economy and to indicate also the trend of their future development.

It may be recalled that in establishing the state grain farms the Soviet government aimed to achieve three things: "(a) The maximum increase of output through greater agricultural productivity and the extension of the sown area; (b) the creation of conditions for a complete transition to a collectivistic system of agriculture; (c) the organization and development of cultural agronomic centers." Did the Soviet grain factories justify these expectations?

[141] Barmin, M., "O Rentabelnosti Sovkhozov" (Concerning the Profitability of the State Farms), *Sotsialisticheskaia Rekonstruktsiia Selskogo Khoziaistva* (*Socialist Reconstruction of Agriculture*), No. 12, 1935, p. 70.

[142] *Ibid.*

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At the peak of the state grain farm development, the total area under grain in the Soviet Union was increased by 11 million acres. This should be viewed as a distinct achievement, especially when we consider the fight the Soviet government has been waging all these years for an increased output of grain. On the other hand, notwithstanding the great capital investments which went into the building up of this expanded acreage, the expected grain output, in most years, failed to materialize.

The state grain farms were intended as model agricultural undertakings — as "cultural agronomic centers." If proper application of agricultural science is the characteristic feature of the latter, then the rôle of the state grain farms in this field leaves much to be desired. The following statement of a Soviet writer has close bearing on this point:

> It is no exaggeration to say that in the entire system of the Commissariat of State Farms there is not a single grain farm where agricultural science was raised to a proper level. By the proper level we have in mind essentially elementary conditions: sowings on fallowed and fall plowed land; good quality of the fallow and fall plowing; timeliness of sowings and utilization of a rational crop rotation system. These elementary measures are being applied in all the better organized . . . collective farms but they are not being made use of by the greater number of state farms.[148]

The Soviet government expected that the state grain farms would be of primary importance in shifting the peasantry from a small individualistic to a larger collectivistic system of agriculture. The advantages of large-scale farming were to be demonstrated for the benefit of the tradition-ridden peasants, with the result that they would voluntarily pool their small farms into large collective farms. However, the history of the collectivization movement in the Soviet Union gives no inkling that the state grain farms had any effect upon its growth. This

[148] Feigin, V., "O Rentabelnosti Zernosovkhozov" (Concerning the Profitability of State Grain Farms), *Sotsialisticheskaia Rekonstruktsiia Selskogo Khoziaistva* (*Socialist Reconstruction of Agriculture*), No. 12, 1935, p. 65.

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is true of the periods prior to and after 1929. Official statements to the contrary notwithstanding, there is sufficient evidence that the rapid process of collectivization was not conditioned by the state farms; if it had been, collectivization of agriculture would have proceeded at a much slower pace. During the years 1929-1933, when for the most part individual farms were supplanted by the collectives, the state grain farms were certainly in no position to demonstrate the alleged advantages of large-scale farming. Their work, and official pronouncements concerning it, bear witness to that. It is not unlikely, therefore, that the collectivization of peasant agriculture in the Soviet Union would have proceeded along different lines and achieved different results, particularly in the early years, if the state grain farms had really been the model of the reconstructed agricultural economy.

The circumstances which attended the establishment of the farms should be kept in mind. The land of most of the farms organized after 1929 had never been touched by a plow, and a great deal of it, due to quality and climatic conditions, was not altogether suitable for grain farming. Roads had to be laid; houses, electric stations, repair shops, garages, grain elevators, etc., had to be built; in a word, everything that spells a modern large-scale agricultural undertaking had to be built from the ground up. In the very process of setting up the farms, the organizers were also confronted with the very difficult problems of training managerial personnel, as well as a skilled labor force.

This was a task which could tax to capacity an experienced management and skilled labor force, even if given ample time and good land upon which to set up the farms. But under the conditions prevailing in Soviet Russia at that time most of these elements were not available; they had to be created literally overnight in order to satisfy the government's persistent demand for a large grain output within the shortest possible time.

Under such circumstances difficulties were unavoidable, but they were intensified by unworkable theoretical concepts which

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formed the basis of the state farm program. In this respect the development of the state grain farms points to a number of important lessons, which may or may not hold true in every respect in a capitalistic economy, but are certainly applicable to the Soviet Union during the period under consideration: that the development of large-scale agriculture does not necessarily follow in the path of large-scale industrial development; that, in both cases, given good management, proper equipment and skilful workers to operate it, it is still easier to manage and control the work of a large industrial plant than to carry out similar functions on a large farm; that, because of such imponderables as changes in climate, for instance, the planning programs of the state grain farms must be less rigid and more flexible than those of industrial undertakings; that narrow specialization of the state grain farms retarded, rather than advanced, their development; that the optimum size of a grain farm is not "only a problem of correct arrangement of mechanical power," and that even in the conditions of Soviet economy the notion that "the larger the farm, the smaller the cost of production" cannot be supported as a general proposition. Furthermore, the hazards of grain production in regions with a deficient and improperly distributed precipitation are certainly no smaller in a Soviet economy than in a capitalistic economy. This explains the great decrease in the state farm grain area of Kazakstan and the Lower and Middle Volga regions during the past four or five years. Finally, it is clear now that the grain farms are not mere adjuncts to tractors and combines. The rôle of such machines on farms located in sparsely populated regions can hardly be overestimated; it is undeniable that they made possible the cropping of land that would not otherwise have been used, but it was fallacious to view them as the alpha and omega of large-scale farming. The development of the state grain farms convinced the Soviet authorities that, while modern agricultural machines could make the application of what the Russians called "agrotekhnika", or agricultural science, more effective, they could not take its place.

During the past years the Soviet government has been pursuing a policy of enlarging the land area of the collective farms

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at the expense of the state farms. Incomplete data show that since July 1935 the holdings of all such farms were reduced by more than 40 million acres, or 25 per cent of their 1934 area. This was accomplished through either the outright liquidation of a number of state farms or a partial transfer of state farm land to the collectives. The total reduction of the land of state grain farms alone is not revealed but, judging by individual cases, it must be considerable. It is of interest to note in this connection that the planned area under spring crops on all state farms was reduced from 32,000,000 acres in 1936 to 22,000,000 acres in 1938. On the other hand, within the same period the planned area under spring crops on the collective farms increased by 18,000,000 acres.

This clearly indicates a significant change in the government's attitude toward agriculture as typified by the large state grain farms as compared with the peasant collectives. It is true that the former, the "truly socialist" type of an agricultural enterprise, is more in accord with the basic principles underlying Soviet economy than the collectives, which are becoming more and more diluted with large doses of individualism. The fact remains, however, that, to date, the state grain farms have shown themselves to be less efficient producers. The possibility is not excluded that in time to come their work will become less costly and more efficient, but this will be achieved only by a combination of all those factors that are essential to good farming under any economic system.

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PSYCHOLOGY IN ECONOMICS

IT is no startling discovery even among scholars that we have been suffering from the over-specialization of knowledge. What has been particularly unfortunate is that the "compartments" have been water-tight and have kept apart departments of knowledge that require interchange of ideas for their proper development. This is particularly true of economics and psychology. A liaison would increase their utility, though a marriage might prove uncongenial to both. Despite mild flirtations they are at present miles apart.

It is particularly economics that has been the sufferer. For though the human nature with which economics deals is human nature in a very special relation—namely, that of wealth—still it *is* human nature, and man's activities in relation to wealth very often overlap his activities in other relations.

In scanning over recent economic literature, I am impressed by the authors' apparent unconsciousness of current developments in the field of psychology and the mental sciences. Indeed, I think it is not unjust to say that most economists are ignorant of psychology, psychiatry and related fields. And yet what light a consideration of this knowledge might throw on many phenomena with which economists are concerned!

In order to test the usefulness of the interpenetration of economics with psychology, I shall mention two economic fields in which a consideration of new psychological material could benefit the specialist in that field. My specifications are not exhaustive, and I itemize them merely because they may serve as concrete illustrations. There are doubtless many more aspects of economics in which profitable leads have been missed.

One glaring illustration is in the field of business cycles. Now the description of "manic-depressive" (sometimes significantly called "cyclothymic") types has been a commonplace in psychiatric textbooks for generations. The tendency

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of many human beings to reach the crest of an emotional wave and then to recede has been studied for many years by psychiatrists. Such individuals vary from those with merely a disposition in this direction, who maintain contact with reality, to those who become mentally deranged and cannot maintain such contact. Of course the first reaction of an economist who has no experience in this field may be that we are dealing with casual observations and that there is not a sufficient body of scientific experience to furnish any profitable material to affect the conclusion of the "more exact science" of economics. But when one has studied psychiatric activities and literature, one cannot but be impressed with the wealth of clinical material available.

The curious thing is that in the action of the individual manic-depressive there is a strong resemblance to the action both of the individual man and of the mass of men during periods of boom and depression. In studying any psychiatric textbook, or discussing cases with any competent psychiatrist, one cannot but be impressed with how strongly the action of the whole economic body, and of the individuals composing it, resembles the mad actions of a manic-depressive.

Indeed, the chart of a "cyclothymic" patient looks very much like the chart of a business cycle. There is in both a similar period of normality. The manic-depressive during such periods acts in a sedate and prosaic manner. During the exaltation period, the mental activity of the manic-depressive is very great indeed. He rushes about creating, planning and writing. After reaching the crisis in his exaltation he starts on the downward wave toward the depression phase. The downward trend begins with a slight loss of confidence, develops into a condition of anxiety and ends with utter despair concerning the future. In this final phase he becomes a hypochondriac and fears that he is suffering from incurable disease or in other cases that he is completely bankrupt financially. He lives in a mood of apprehension. In some cases his mind goes blank. I have no intention to review the history of countless cases; but, to mention one as a concrete instance, which is a typical one, there is the case of a most competent mathematician

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—an ordinarily restrained man—who, during a period of elation, became very active and very talkative, wrote voluminous poetry, led a life of extreme dissipation and generally "flung roses, roses riotously with the throng." He then lapsed into a depression in which he could not utter a sentence.

How far the great booms and depressions are due to purely economic events—how far they are due to an exaggeration of the temperamental fluctuations in normal individuals and how far they are due to the simultaneous stimulation of those with manic-depressive dispositions—would seem to be most profitable speculation for economists to undertake. One economist, Pigou, it is true, has discussed at length "psychological errors" and their relations to booms and depressions. He maintains that an error of optimism tends to grow throughout the community through a certain measure of psychological interdependence until it leads to a crisis, then the error dies and gives birth to an error of pessimism until an actual shortage becomes apparent. But even this discussion is inadequate from a psychological point of view. How interesting it would be if an economist, with a grasp of psychological case material and a knowledge culled from a thorough study of clinical material, could give us a close-up of some of the actions of business men that lead to the causes of business elation and boom which in turn bring about the deep depression that follows.

The actions of business men are motivated not only by "greed", as some have claimed. Vanity, or what the psychiatrist would call "the desire to exhibit oneself", and a craving for adventure are just as important detonating causes. It is not always the greedy owner of an industrial enterprise, or the greedy banker, that brings about the harmful overexpansion. It is very often the over-energetic engineer with a desire to outshine his fellow-engineer who persuades his conservative directors and bankers to permit him to embark on his rash adventure. At such periods the elation and persuasiveness of the adventuring engineer have increased, and correspondingly the customary resistive power of the financier is diminished. The defensive armor becomes weaker than the force of the penetrating projectile.

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It is true that there is present in the large business scene at such a time a general economic environment that stimulates the action of the men involved. There is the illusion of greater wants of a physical nature in every direction than do exist—a statistical mirage that it is quite excusable for even the most experienced business observers to mistake for reality. So that even an experienced business man during such periods has a better excuse for being carried away by the elation of the moment than has an individual in normal times. But the misleading statistical situation does not wholly explain the exaggerated emotional excitement. A comprehension of both the individual and mass psychological situations that occur at such a time would be most useful in helping to a better understanding of the underlying causes of business cycles. With a knowledge of the psychological factors involved we may be better able to plan and manufacture the brakes which will make our next fluctuation somewhat less—though of course only somewhat less—destructive. A grasp of the psychiatric and psychological material available would equip economists to present more realistically descriptions of the course of events leading to booms and subsequent depressions.

Again we might better understand the depressive "dead centers" that persist in the face of favorable statistical situations—"dead centers" that cause the persistence of pessimism after any rational basis founded on statistical analyses has disappeared and create harmful complications that lead to vicious circles of a secondary nature.

Another excellent illustration of the result of the neglect of psychology by economics has been the limited understanding of what is involved in the factory relations between employer and employees. For generations there has been a blindness to certain factors underlying these relations. The result has been an overemphasis of the economic aspect. There was entire failure to grasp the aspects that could be summed up under the title of *Social Psychology and Human Leadership*. Economists jumped to the conclusion that all that was involved was the division of the fruits of industry and the struggle between

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classes for their share. They were unmindful of the fact that there were also involved the problems of the proper organization of human beings. They did not see that there was present in the situation an "organization man" as well as an "economic man". Yet the experience in Russia has furnished strong evidence that there is contained in our labor problems not only economics but also problems of human psychology. For there, where there are no such symbolic concepts as capital and labor to divide the products of industry, they still possess a perplexing labor problem.

Fortunately there has sprung up an entire literature on personnel relations and leadership which if developed at an early stage would have prevented a host of industrial difficulties. There was before that, unfortunately, a terrific inbreeding among the economists. Platitudes about dissatisfaction in capitalism being at the root of factory difficulties were handed down from one economist to another without any healthy criticism from without. The questions of morale and team work were completely ignored. One still gets the impression from a standard work on economics that if the ingredients of capital and labor are put side by side production will automatically ensue. The *deus ex machina* in the shape of organizing managerial leadership is completely disregarded.

There is a failure to recognize that there is a *crowd man,* there is an *organization man,* and an *administration man,* just as there is an "economic man"; and that in many situations during the operations in an industrial plant the human beings concerned are at one and the same time all these different men. Indeed, the completed picture of a factory worker might be likened to one of those composite photographs one sees in the graphic sections of Sunday newspapers. He is a polyglot composed of the organization man, the crowd man, and the economic man.

The action of human nature in each of these realms has special laws and it is well that the student of one set of laws understands the other. Otherwise he is apt to mistake the action of man in one relation for his action in another relation.

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For example, when men in a factory organization act badly because they are discourteously treated, a specialized student of economics may think it is because they are poorly paid.

Thus the field of the business cycle and the field of employer-employee relations are two outstanding aspects of economics which have been somewhat inadequately treated because of ignorance of the sister sciences which deal with the make-up of the human unit. There are other departments of knowledge that the economist could study with profit, but the field of psychology he cannot afford to neglect.

The moral of all this is that national "autarchy" is not the only menace. Intellectual "autarchy" also has its dangers. Intercourse between certain sciences is as important as intercourse between nations.

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JOHN BATES CLARK, 1847-1938

A Tribute

ON March 21, 1938, Professor John Bates Clark died at his home in New York City at the age of ninety-one.

An outstanding figure in the history of American thought, Professor Clark guided the development and enriched the content of economic theory as few had done to his day. Throughout a whole generation his thinking dominated in this field in American academic life, and largely affected that of Europe. It is hardly too much to say that during this period an essential test of capacity in economics was the understanding of that subtly conceived hypothesis from which Professor Clark proceeded to formulate the fundamental laws of his science. For those who learned to appreciate this exploit in philosophy, Professor Clark's place among the great thinkers of our time has remained, and will undoubtedly always remain, unshaken.

In the confused conditions and the hardly less confused thinking of today, it is difficult to recall, and still more difficult fully to appreciate, the rugged strength of that architectural quality of thought which was the endowment of the classical economists of the later years of the nineteenth century. Writing in a world that had not lost the contours of its historic mold, and dealing with forces which, though rapidly accumulating revolutionary power, were still apparently susceptible of logical analysis, they made of economic theory a glorified embodiment of history itself. But to detect the pattern of so vast and intricate a thing as the problem of human welfare called for an abstraction from the drift and current of events so that the mind could get a foothold in reality. This meant conceiving of static relationships as the point of departure for understanding the dynamic. Deductive thinking in this realm of philosophy was held by Professor Clark to be a necessary antecedent of the analysis of the flux of things which was al-

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ready tending to submerge the stable fabric of western civilization. The discipline of this analysis of the pure laws of economy was a prerequisite in attempting to follow the operations of the industrial and business world. Reason and imagination were combined in perfect balance in such a philosophy; but it was a challenge to both which only disciplined minds could fully meet.

In recent years the vast accumulation of statistics presents an instrument by which even the casual student can apparently solve with mathematical exactitude some of the immediate problems which confront him. The result is a temptation to pass with expert alertness from one great problem to another, without a full appreciation of the illusive mystery of human motive and action. Professor Clark brought to this greater problem the penetrating vision which did not limit itself to those more obvious things which are susceptible to ready measurement. On the other hand, he was too profound a philosopher to transfer the problems of human conduct to the realm of metaphysical speculation. Economic statistics was for him but a starting point for the exploration by inductive method of the illusive and unstable world of affairs. It was in this way that he set forth the theory of value, the theory of production, and the theory of distribution, to all of which he made enduring contributions. His brilliant analysis of capital is still influencing economic thought. Indeed, it is not too much to say that he left his mark on every phase of the science of economics with which he dealt. If, like the world itself of which it treats, that science moves and progresses with the changing years, it nevertheless looks back to the school of thinkers, of which Professor Clark was the outstanding representative in this country, as an age of great achievement, which was characterized by the purity of its intellectual quality in the search for truth alone.

In attitude, as well as in method and outlook, Professor Clark represented all that was best and finest in the scientific spirit, uncolored with any slightest measure of personal prejudice or

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interest. The voice of pure reason never spoke with greater authority in the social and political sciences.

Professor Clark was born in Providence, Rhode Island, on January 26, 1847, of old New England ancestry. After two years at Brown University, he transferred to Amherst and was graduated in 1872. His Alma Mater also granted him the Master of Arts degree in 1878 and that of Doctor of Philosophy in 1890. After graduation he sailed for Germany, the first of that group of American economists who studied in the German universities in the seventies and eighties. He spent two years at the University of Heidelberg and six months more at the University of Zurich, and then, returning to America, was appointed to the chair of History and Political Economics at Carleton College, Northfield, Minnesota, where he stayed until 1881. He was Professor of Political Science and History at Smith College from 1882-1892, and Professor of Political Economy from 1892-1895. During this time he was, also, non-resident lecturer at Johns Hopkins University. In 1895, he was appointed Professor of Political Economy in the Faculty of Political Science at Columbia University, a position he held until his retirement as Professor Emeritus in 1923.

At Columbia University, Professor Clark found in Dean Burgess, Professors Mayo-Smith, Seligman, Giddings, Robinson, and their associates, a company of scholars most of whom had pursued almost the same line of academic training as he. Professors Seager and Moore, who joined the Department of Economics later, were his disciples. The academic migration to Germany lessened as the newly founded graduate faculties in the great American universities began to rival in output those of Europe. The Faculty of Political Science was a notable company and drew to Columbia as students many of those now holding chairs in the political sciences and history in American universities. For Professor Clark they were years of productive scholarship and happy associations. Looking back to them, on the occasion of Professor Clark's eightieth birthday, in January 1927, Dean Burgess wrote of his colleague that for a quarter of a century he was "almost daily witness to that rare and refined scholarship, that modest and courteous

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demeanor, that honest and conscientious dealing which had marked his distinguished career throughout its epoch." On the same occasion, after having outlined the circumstances which brought Professor Clark to Columbia, President Butler referred to him as "a life-long philosopher, and interpreter," who has "seen deep down into the root of principle," and who "has made his place and his fame permanent not by any patient and industrious accumulation and reclassification of facts, but by an insight which puts facts in their framework and their proportion. He has led those of us who can follow his illuminating pen to understand the significance of economic life. That is what gives him distinction and makes him in a sense the leader and founder of a school."

The "golden age" of Professor Clark's career as an economist lay in the three decades at the turning of the century. His first major contribution, *The Philosophy of Wealth,* published in 1885, did not yet develop to the full his philosophic trend toward the search for fundamentals. It was not until 1899 that his most important book, *The Distribution of Wealth,* gave full expression to the thesis that the wages of labor in an ideal society are set by its final productivity and that the other factors of production, land and capital, tend also to share in the social product according to what they relatively produce. In an editorial tribute on the occasion of Professor Clark's death, the *New York Times* of March 23, 1938, commented upon his contribution in terms that may well be quoted here:

> Clark brought the productivity of daily wages to its most precise and finished theoretical form. The reasoning by which he developed this theory was as rigorous and acute as it was brilliant. His book has frequently been attacked as unrealistic and too theoretical, resting on assumptions which are not always true. But most of his critics overlook the important qualifications that he was careful to make. It is true that in developing his theory he assumed perfect competition and conditions of "static equilibrium," but these assumptions were conscious and explicit. He made a sharper distinction than his predecessors between "static" and "dynamic" economics, a distinction that most later economists have retained and developed further. He maintained

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that it was precisely because the economic forces are so bewilderingly complex, and because changes are so numerous and come from so many directions, that it is necessary to understand completely the conditions of a hypothetical "static equilibrium" before one can hope to study and understand one by one the effects of the "dynamic" changes that are constantly upsetting this "static equilibrium" or making its achievement impossible. It is this method, in fact, that the leading economists of our own time follow. Those who criticize his work as being too theoretical and unrealistic miss the point that theoretical and realistic studies are not antagonistic but supplementary, and that to object to a theorist for not being also a statistician is like objecting to an architect for not also being a bricklayer.

Clark today would doubtless be popularly referred to as a "classical" or "orthodox" economist; but he was so not in the sense that he accepted everything that Adam Smith, Ricardo, Mill and other predecessors laid down, but that he recognized what was sound in their foundations, and did not feel it necessary to destroy everything that had gone before him before making some permanent contribution of his own to the great structure of economic thought.

When the Carnegie Endowment was founded in 1910 and, by the wise action of its trustees, provision was made for the creation of a Division of Economics and History which should study the nature and the consequences of war and the interplay of the forces of war and peace in modern civilization, it was but natural that Professor Clark should be invited to be Director of that Division. The task was one which called for just that combination of capacity for original thinking and mature scholarship which Professor Clark possessed. So much progress has been made in the post-war years in the formulation of policies of peace, if not in their practical application by governments, that the novelty of the establishment of the Carnegie Endowment for International Peace has now been completely worn away. But when Professor Clark turned from the field of pure economics to that of peace, his position was quite as much that of a pioneer as that of Adam Smith in the eighteenth century when he turned from moral philosophy to lay the basis of the science of economics. The science of

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peace still eludes formulation, but, in 1910, even the elementary principles lay uncoördinated and, therefore, could not fully be understood. In the absence of any existing assemblage of data, or even of any serious consideration of the problem itself, Professor Clark at once set upon mobilizing the leading economists of all countries for the preparation of a comprehensive program of research covering all the major problems as to the nature of war, its causes and its consequences.

Professor Clark's first act, therefore, was the convocation of a conference of economists from eleven countries, which was held at Berne, Switzerland, in the summer of 1911. The outstanding success of this conference was a tribute to Professor Clark's executive ability. The list of members is worth recalling. From Vienna came Professors Böhm-Bawerk and Philippovich, leaders of the Austrian School of Economists; from Denmark, Professor Westergaard, the statistician; from France, Professor Leroy-Beaulieu, of the Collège de France, and Professor Gide, of the University of Paris. Professor Brentano came from the University of Munich, and Professor Schiemann from that of Berlin. The British representatives were Mr. Hirst and Mr. (later Sir) George Paish. There were, also, Professor Greven, of Leiden; Professors Luzzatti and Pantaleoni, of Rome; Baron Sakatani and Professor Ogawa, of Japan; and Professor Borel from Geneva. Dr. Paul S. Reinsch was Professor Clark's colleague from the United States, and Senator La Fontaine came from Belgium.

The conference was one whose competence was bound to be recognized by economists the world over. The plan which this conference formulated covered every conceivable phase of the problems of peace and war as seen from the standpoint of economics; but Professor Clark did not leave it as a mere outline of study. He induced his colleagues to follow his leadership in working out the program coöperatively in their different countries, either as authors or as editors of work done under their direction. It was a vast and well-coördinated scheme. Work was at once begun upon a whole series of monographs, and progress was so satisfactory that a second conference was summoned to meet at Berne on the 5th of August 1914. But

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the World War had already broken out and only five economists crossed the Swiss frontier. The program so auspiciously launched was destined to remain a fragment, which is still unfinished. The forces of anarchy which the World War let loose upon civilization had so recast the conditions of research as to make the whole plan seem for the time unreal. Nevertheless, it is of interest to find that the fundamental outlines of that plan deal with subjects which are most in evidence in the wide range of investigations of the post-war years. There could be no better justification than this for the work of the Berne Conference.

When the World War was beginning to reveal those factors which marked it off from all past wars, Professor Clark postponed the study of the economy of peace and turned aside to an analysis of war itself. Again he sought the coöperative advice of his colleagues, and the result was a series of "Preliminary Economic Studies of the War", in which enterprise he had the assistance of Professor David Kinley, Dean (later President) of the University of Illinois. This series of some twenty-five monographs is still often consulted in spite of the admittedly tentative character of its researches, carried on as they were with all of the impediments which war-time governments placed in the way of accurate information. It was the best that could be done, under the circumstances, and threw a flood of light upon the economic dislocation caused by the War.

As early as the autumn of 1914, Professor Clark had already conceived of a larger synthesis than was embodied in these war-time monographs, but the plan for a comprehensive economic history of the War had to be postponed until the War was over. He did not wait, however, until the Peace Treaties were concluded before he undertook to revive the plan which was to result in the *Economic and Social History of the World War*, and sought the coöperation of the present Director of the Division of Economics and History of the Carnegie Endowment who was at that time in the American Delegation to Negotiate Peace, in Paris.

No sooner was the Treaty of Versailles signed than work was actually begun in fulfilment of this design. Professor

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Clark met once more with those who were left of the colleagues of the Berne Conference; and the problems left unsolved were reconsidered in a conference held in Paris in September 1919. The World War, however, had presented so many new problems and had so disrupted the state system of Europe that it was decided to turn aside from the original plan of research and concentrate, as Professor Clark himself proposed, upon the War History. In his Report to the Trustees of the Carnegie Endowment for that year will be found a restatement of the earlier plans and a graphic picture of the devastation caused by the War. It also shows that, while he was preparing to analyze the economic consequences of the War as the chief problem in his program of research, he was by no means blind to the fact that the solution of peace-time domestic conflicts was necessary if the future were to be guaranteed against recurring anarchy. The concluding passage may well be quoted here for the light it throws upon this matured conviction:

> The greatest problem for the world to solve concerns itself, not with national boundaries nor even with national debts, but with this deeply rooted policy of restricting production in the hope that the men who practice it may thrive at the expense of others. It is a mutual stinting of supplies—an effort by each producing group to make others get on with a limited amount of what it furnishes. The agricultural class is an early sufferer by the transaction. It is not so organized as by mutual agreement to reduce its own product, and serious indeed would it be for the world if it were so. Fighting a shortage of merchandise by creating a scarcity of food would be a sorry plan for relieving poverty and famine, but only the unorganized state of the agriculturists prevents something like this. Governments will have to handle as best they can this menacing condition, but they also have their handicaps at a time when the utmost that they can do is too little. Cutting across the spontaneous effort that is beginning under grave difficulties to restore a measure of prosperity is a sinister political agitation. It aims to reach the desired result by a far easier and shorter route, that of a seizure of what wealth there is—a proletarian revolution. In the face of all this there is needed an *entente cordiale* between capital and labor and a similar *entente* between these two interests and

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> the public. Are the governments of today able to ensure this? Will they meet titanic internal problems better than they are meeting the simpler ones of political boundaries, war indemnities and international leagues? Have they insight enough to do it, supposing that they have the highest patriotism and wish to use the whole force of the state for this end? If we judge by the experience of earlier wars and the opinion of John Stuart Mill, we may conclude that the recovery from the ravages of the present war will surprise the world by its rapidity; but not only has the recent war been unique in its destructiveness and in the debts it has left; it is also unique in the anarchic forces that it has stimulated and in the obstacles it has put in the way of recovery. Very wide must be the knowledge and very clear the economic insight that will meet the situation. There is something like a famine demand for what the Carnegie Endowment was created to furnish—a study of the effects of war and the measures that in the interest of peace, internal as well as external, are called for.

This passage, written eighteen years ago, must surely seem prophetic in the light of what is going on in the world today. But the same insight which it reveals strengthened his conviction that the chief subject of research for a peace endowment was the War itself. In successive reports he concentrated upon this theme. Thus, in 1923, he wrote:

> With the greatest of all wars going on before our eyes we had a laboratory for research that rendered previous wars by comparison hardly worth studying. At an immeasurable and tragic cost the world provided the data for a kind of knowledge that, on its face, should work decisively against a repetition of the ruinous conflict. The peace, however, actually finds humanity in more imminent peril of further war than it faced at any time in the preceding century. Evil impulses are at work which reason and the spirit of humanity will find it hard to meet; and yet the appeal to reason is the great resource for that purpose, and one thing which strengthens the appeal is a knowledge of the economic facts connected with the recent struggle.
>
> Too much we should not and do not claim for the work . . . but we can and do claim that, in the uses which are likely to be made of them, the works produced will strengthen those unseen

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influences for peace that have to contend with hatred, vengefulness and the rankling of thwarted ambition. The world is seething with new and startling economic movements the outcome of which is extremely doubtful. Governments are forced to use the greater part of their energy in rebuilding shattered systems of production while at the same time meeting obligations which the War has left behind it. Peace is the indispensable condition of success and yet the very entanglements which make it so make it also difficult to secure. If knowledge of facts and a clear economic vision were ever needed, they are so now.

Meanwhile, work upon the *Economic and Social History of the World War* was begun in earnest. New committees of research were erected and a different personnel chosen, in view of the changed nature of the task. It was a task which had to be performed in each country by those whose competence lay in the knowledge of what had been done. Throughout all the period of planning, Professor Clark kept in touch with the arrangements as they developed from month to month and year to year; and when the earliest volumes began to appear, he gave them his critical and serious attention. At every stage in his work in Europe, the General Editor was conscious of the loyal support of one whose judgment was as unerring as his interest was keen. Never were the conditions for scientific work more perfectly understood. But that perfect understanding was not due to scientific attitudes alone; it was due, fully as much, to a generosity of spirit that never failed, a kindliness that bred serenity of mind and a sincerity that made for both charity and courage. Professor Clark was not a believer in peace at any price. He had too deep roots in the Puritan tradition for any such facile solution. He could, on occasion, express those strong currents of righteous indignation which all right-minded people feel in the presence of injustice, violence or anarchy. But, as is clearly set forth in his last volume, *A Tender of Peace,* published in 1935, he could also look beyond the imperfections of the social, economic and political systems of today and, in the faith of an ultimate justice, envision the world as the City of God.

JAMES T. SHOTWELL

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ITALIAN THEORIES OF FISCAL SCIENCE

THERE are several reasons for presenting this summary of the more important Italian views concerning the problems and status of the science of public finance. In the first place, Italian scholars during the last half-century displayed considerable interest in fiscal theory. Their ideas, which are worthy of careful analysis, have been set forth in numerous treatises, monographs, and other contributions to fiscal studies. Secondly, sharp divergence exists in their opinions concerning the proper method and subject matter of public finance. Debates over methodology have frequently appeared in literary channels; distinct and clashing interpretations have been advanced and defended. American writers seem to have produced no similar literature. Thirdly, there have been marked changes since the World War in political and economic institutions and beliefs in Italy. These have been influential in determining the content of fiscal theory and have furnished an opportunity for observers to analyze the serviceableness of the various methods and systems in the creation of a useful science. In no other country does the work in public finance reveal so clearly its theoretical limitations. Finally, because of the absence of translations, there is a regrettable lack of familiarity in English-speaking countries with the Italian literature on this subject.

Current controversies over fiscal theory have their genesis in early methodological differences as well as in recent economic and political developments. Italian discussions of the scope of the science of public finance and the methods of research date from the eighteenth century.[1] Noteworthy is the fact that these early Italian writers denied the subordination of public finance to economics and the necessity of interpreting fiscal phenomena in the light of economic theories. Their view-

[1] *Vide:* Giuseppe Pecchio, *Storia dell'economia pubblica in Italia* (Lugano, 1829); G. Ricca-Salerno, *Storia delle dottrine finanziarie in Italia* (Palermo, 1896).

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points anticipated current debates on the relation of public finance to the social and political sciences.

These forerunners of modern Italian fiscal scientists apparently appreciated the complexity of fiscal phenomena and the desirability of studying public finances in conjunction with moral, political, legal and economic data. They did not succeed, however, in associating these various elements in a manner which permitted an elaboration of theories and the designation of principles for a fiscal science. They confused abstract reasoning and concrete problems and intermixed theoretical schemes with historical examples. Personal judgments were not distinguished from scientific conclusions. These criticisms, which can be leveled against much of the fiscal literature throughout the world today, help to explain why the teachings of these early writers failed to command support.

The orthodox English system of economics, including its treatment of fiscal problems, was adopted by the nineteenth-century Italian students of public finance. By 1850 its supporters had achieved a dominant position. But the tradition of the Italian contemporaries of Adam Smith was not completely abandoned. Its twentieth-century recrudescence accounts for the existence of the school which today stresses the political element.

The writers of this political school, which has gained prominence during the last twenty-five years, view fiscal phenomena as manifestations of the State's will.[2] Recognizing that a study of political and legal institutions is necessary for a comprehension of the economic aspects of public finance, they have elaborated a systematic fiscal science.

Another group may be said to be continuing along the lines laid down by the economic theorists. Known as the English neo-classical or economic school, it is still enjoying a widespread, though waning, popularity in Italy. Its followers continue to apply to the study of public finance the methods and concepts of orthodox economic theory.

[2] The writers themselves refer to their work as that of the "Italian neo-classical" school.

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Although current political developments influence much of the study of fiscal activities in Italy, it is not correct to speak of a fascist or corporate school of public finance. A large portion of the recent literature on the subject develops the fiscal implications of fascist political and economic ideals. Students of diverse scientific interests have concerned themselves with the problem of fiscal reform along fascist lines, and are devoting much of their time to its study.

An exhaustive survey of Italian theories of public finance would necessarily deal with two other trends of opinion which do not enjoy the popularity of the schools just mentioned. Under the leadership of Loria, well known outside of Italy for his studies in economic theory,[3] there has developed a school of economic determinism in public finance. The tax system is viewed as a result of political action, which in turn is conditioned by economic forces. Loria insists that economic relationships determine for any given society the distribution of, and the immunity from, tax burdens.[4]

Another group, known as the sociological school, has derived its methods from the teachings of Pareto and the theories of the political scientist, Mosca.[5] Its members stress social as well as hedonistic economic principles in their interpretation of fiscal activities. They deem it impossible to deal exclusively with the economic utility of public wants on the basis of individual judgments. Such judgments to them are subordinated to expressions of public opinion. Accordingly, public wants are those which, expressed as choices of the government, citizens desire or should desire to have satisfied by means of public expenditures. Students who have developed theoretical fiscal systems along such lines may be considered as occupying a position between the economic and political approaches to public finance, but inclining strongly toward the latter. Among

[3] Achille Loria, *The Economic Synthesis: A Study of the Laws of Income*, tr. from the Italian by Eden Paul (London, 1914).

[4] *Idem, Le Basi economiche della costituzione sociale* (Turin, 1919), *passim.*

[5] *Vide:* Gaetano Mosca, *Elementi di scienza politica* (2d ed., Turin, 1923), *passim.*

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them may be included such writers as Borgatta, Fasolis, Lolini and Sensini.[6]

The Economic School

Maffeo Pantaleoni, widely recognized for his work in economic theory, may be considered the founder of the modern economic school of public finance in Italy.[7] In an analysis of the distribution of public costs, published in 1883,[8] he employed the criteria which Jevons and Walras had used to explain individual determination of the distribution of economic means between present and future goods. Before turning his efforts primarily to economic theory, he prepared a comprehensive analysis of the effects of taxes on labor and savings.[9] Applying the principle of marginal utility, he reached the conclusion that any increased tax burden, regardless of the form of the levy, results in a reduction of expenditures on consumption goods, the curtailment occurring in those goods which are marginal in the individual's budget.[10]

In establishing an equation between the utility of the public expenditure and the sacrifice of the tax levy, according to the marginal utility criterion, Pantaleoni referred to a collective judgment expressed through the lawmaking body. He emphasized the importance of the decision of the State in evaluating the marginal utility of the public expenditure and of the taxpayer's sacrifice, neither of which can be judged by the

[6] Representative contributions of the members of this group include: Gino Borgatta, "Lo studio scientifico dei fenomeni finanziari", *Giornale degli Economisti*, vol. LX, pp. 1-25, 81-117; Giovanni Fasolis, *Scienza delle finanze e diritto finanziario* (Padua, 1933); Ettore Lolini, *L'Attività finanziaria nella dottrina e nella realtà* (Rome, 1920); Guido Sensini, "La teoria di Ricardo sui diversi effetti del prestito e dell'imposta", *Giornale degli Economisti*, vol. LX, Feb. 1920, pp. 57-76.

[7] M. Pantaleoni, *Principii di economia pura* (Florence, 1889); *Erotemi di economia* (Bari, 1925-26), vols. I-II; *Scritti vari di economia* (Palermo, 1904-09), series I-II.

[8] *Idem*, "Contributo alla teoria del riparto delle spese pubbliche", *Rassegna Italiana*, Oct. 1883 (republished in *Scritti vari di economia*, I, 48-110).

[9] *Idem*, *Teoria della pressione tributaria* (Bari, 1887).

[10] Pantaleoni also made distinguished contributions to the study of the shifting of taxation. *Teoria della traslazione dei tributi* (Rome, 1882).

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individual. These political judgments, he insisted, are always based upon logical economic choices. His type of analysis led to less extreme conclusions than those of other members of the economic school.

Although Pantaleoni did not formulate an independent and systematic theory of fiscal science,[11] his work took root in the fertile minds of several scholars. Among them Mazzola viewed public finance as a science independent of economics.[12] He argued that the objectives, wants and goods of the public economy differ from those of the individual economy. It is, however, in the contributions of Professor de Viti de Marco, formerly of the Universities of Pavia and Rome, that the economic school attained its highest development. He may be considered representative of the entire group.

From the publication of his first study in public finance in 1888 [13] until the appearance of his most recent treatise,[14] De Viti has firmly supported the principle that economic theory alone can explain fiscal problems. To him the public finances are but the expression of the economic activities of the State. Although the importance of political factors is not ignored in his system, they occupy only a secondary rôle.[15]

Nevertheless, De Viti has advanced cogent arguments for the development of an independent fiscal science. In the first place, the study of the public economy concerns collective needs. Although these needs are felt by individuals they arise only

[11] It remained for Sax in Austria and De Viti de Marco in Italy to develop completely the application of marginal economics to public finance. Emil Sax, *Grundlegung der theoretischen Staatswirtschaft* (Vienna, 1887).

[12] Ugo Mazzola, *I dati scientifici della finanza pubblica* (Rome, 1890).

[13] A. de Viti de Marco, *Il carattere storico dell'economia finanziaria* (Rome, 1888).

[14] *Principii di economia finanziaria* (Turin, 1934). An English translation of this study is *First Principles of Public Finance*, by Edith P. Marget (New York, 1936).

[15] In a recently published letter, De Viti states, "My method of research consists of trying first to explain [solely an explanation!] each single phenomenon by means of the principles of value, abstracting political causes and forces. . . . I return to these only when they [the value principles] do not suffice. . . ." See B. Griziotti, "Vecchi e nuovi indirizzi nella scienza delle finanze", *Annali di Economia*, vol. X (1935), p. 14.

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through the existence of socialized life. They are distinct from those wants and needs, the satisfaction of which forms the subject matter of the study of private economy. Collective wants of the public economy must not be confused with total wants.[16] The latter represent the algebraic sum of the individual wants of private economy.[17]

Secondly, fiscal science is a pragmatic science and must concern itself with concrete phenomena. Economics, on the other hand, is an abstract science in which principles are evolved through processes of isolation and elimination of complicating political and historical factors. The highly abstract content of economic theory must prove inadequate in an analysis of fiscal problems.[18]

Finally, De Viti conceives the State as possessing a legal personality. It is also a political organization functioning as a fiscal instrumentality for the benefit of the collective group. The State cannot be analyzed in terms of the identical principles which govern the behavior of physical persons.[19]

Because of these differences De Viti recognizes the need for a separate fiscal science, one which differs from economics in the scope and methodology of its analysis. There is, however, a link which binds the two sciences. It consists of the possibility of applying the theory of value to the study of fiscal affairs. De Viti contends that there is a theory of the production and consumption of public goods similar to that of private economic goods.[20] In the case of the public economy one must assume that individuals (a) strive to minimize their sacrifices, (b) tend to maximize their consumption of public goods, and (c) try to make the least possible payments in comparison to those of their fellow citizens. For De Viti, therefore, public finance, though an independent science, is fundamentally economic in nature.

[16] De Viti, *Principii*, p. 8.

[17] A similar viewpoint regarding public and private wants is found in E. R. A. Seligman, "The Social Theory of Fiscal Science", POLITICAL SCIENCE QUARTERLY, vol. XLI, Sept. 1926, p. 355.

[18] De Viti, *Principii*, p. 6.

[19] *Ibid.*, p. 11.

[20] *Ibid.*, p. 5.

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In order to develop an interpretation of the historical evolution of current fiscal practices, De Viti sets up two exaggerated hypotheses regarding the nature of political states and their fiscal systems. At one extreme stands a monopolistic state, characterized by the concentration of the power to make choices concerning the distribution of public burdens and benefits. It is exemplified by feudal principalities and absolute monarchies. The price of public goods to the consumer is a monopoly price. The dominant class can determine not only the prices at which public goods are sold but also the nature and quantity of such goods which must be consumed.

At the other extreme De Viti imagines a coöperative or democratic state, which represents to him the highest form of political evolution. All members of this state participate in the direction of public affairs; all citizens are both producers and consumers of public goods, and those who administer fiscal matters do so merely as executors carrying out orders. The nation, acting as both producer and consumer, pays the minimum cost of production for the public goods which it chooses to enjoy. The necessity of purchasing given amounts of public goods at prices fixed through the medium of taxation does not represent monopolistic tactics, but is a characteristic of participation in a coöperative or democratic state.

In formulating a theory adaptable to current phenomena, De Viti fuses these two hypotheses, since he believes that in modern times neither is typical. He discusses fiscal phenomena primarily in terms of the coöperative state, recognizing that monopolistic factors are extraneous and interfering forces. The influence of these factors, which he calls political, prevents an ideal economic distribution of productive functions between public and private enterprise.

Disturbing political elements are responsible for the fact that taxpayers in the coöperative state are forced to pay unnecessarily high prices for public services. Nevertheless, such disturbances seldom alter the nature of the economic goods which the State produces and consumes. A closely reasoned economic interpretation underlies De Viti's systematic analysis

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of public finance, enabling him to present fiscal phenomena as integral features of the general economy.

While De Viti is considered the dean of those who adhere to the economic interpretation of fiscal problems, other Italian scholars have helped to win for this school its prominent position. Professor Einaudi of the University of Turin, widely known for his fiscal studies, has been one of the leaders.[21] Among the older authorities are Barone, Cabiati, Fanno, Graziani, Jannaccone, G. Ricca-Salerno and Del Vecchio.[22] Of the younger generation, which is carrying on the tradition of neo-classical economics in public finance, Fasiani, Fubini, Rossi and P. Ricca-Salerno have earned distinction.[23] The members of this school have ranged widely in their interests, studying the incidence of tax burdens, the taxation of savings, the concept of income in taxation and the amortization and shifting of taxes. Although, in the examination of particular fiscal problems, they reach different conclusions, they remain united in their attempt to construct the mechanics of a fiscal system in the image of orthodox economics. They maintain a distinction between the scientific theory of public finance, dominated by economic criteria and principles, and the actual fiscal system. For the latter a consideration of the political nature of the State, of legislative norms and of legal principles is indispensable. It seems obvious that much of the work of this school must remain in the realm of pure theory.

[21] Luigi Einaudi, *Principii di scienza della finanza* (Turin, 1932).

[22] Representative contributions of this group include: E. Barone, *Principii di economia finanziaria* (Rome, 1920); A. Cabiati, "Problemi finanziari della guerra: di alcuni rapporti e influenze dei prestiti e delle imposte in relazione alla distribuzione del reddito", *Giornale degli Economisti*, vol. LII, March 1916, pp. 212-245; Marco Fanno, *Elementi di scienza delle finanze* (2d ed., Turin, 1932); Pasquale Jannaccone, *I tributi speciali nella scienza delle finanze e nel diritto tributario* (Turin, 1905); Giuseppe Ricca-Salerno, *Scienza delle finanze* (2d ed., Florence, 1916); Gustavo del Vecchio, *Lezioni di scienza delle finanze* (2d ed., Padua, 1923).

[23] Mario Fasiani, "Der gegenwärtige Stand der reinen Theorie der Finanzwissenschaft in Italien", *Zeitschrift für Nationalökonomie*, Bd. III, Heft 5, pp. 651-691; Renzo Fubini, "I due tipi fondamentali di indagine nell'ambito dell'economia finanziaria", *Giornale degli Economisti*, vol. LXXIII, Dec. 1933, pp. 883-890; Lionello Rossi, "Economia e finanza", *Rivista Italiana di Statis-*

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Political School

The political school developed contemporaneously with the school of economic theorists. Among its foremost adherents during the last quarter of the nineteenth century was Professor Luigi Cossa, who argued that public finance belonged within the framework of political science rather than economics. For him the general principles of law and of political activity were the sources of fiscal science, as well as of political economy.[24] Conigliani, his contemporary, believed that the basis of taxation is to be found in political measures determining "the force of authority which the governing group can summon in any political movement against the social class from which it desires to derive its revenues."[25] Other fiscal scientists who have stressed the political elements in their theories of public finance are Flora, Murray, Puviani, Roncali and Tangorra.[26] The last mentioned deserves special recognition for his convincing argument that legal principles should be included in fiscal studies.[27]

But it is to Professor Griziotti, of the University of Pavia, one of the best known fiscal scientists in Italy, that we must turn for an elaboration of fiscal science in terms of political theory. Beginning with an article published in 1909,[28] he has consistently maintained that public finance is an independent

tica, Economica e Finanza, vol. VI, Feb. 1934, pp. 55-79; Paolo Ricca-Salerno, *La finanza come problema di scienza* (Messina, 1932).

[24] Luigi Cossa, *Primi elementi di scienza delle finanze* (Milan, 1876).

[25] C. A. Conigliani, "L'indirizzo teorico nella scienza finanziaria", *Giornale degli Economisti*, vol. IX, serie II, Aug. 1894, pp. 105-130. It is interesting to note that Conigliani confirmed the validity of the use of principles governing the private economy for an analysis of public outlays.

[26] Representative contributions to this group include: Federico Flora, *Manuale di scienza delle finanze* (6th ed., Leghorn, 1921); Roberto Murray, *Principi fondamentali di scienza pura delle finanze* (Florence, 1914); A. Puviani, *Teoria dell'illusione finanziaria* (Milan, 1903); A. Roncali, *Corso elementare di scienza finanziaria* (Parma, 1887); Vincenzo Tangorra, *Trattato di scienza della finanza* (Milan, 1915).

[27] V. Tangorra, "L'elemento giuridico nella scienza delle finanze", *Giornale degli Economisti*, vol. XXXIX, serie II, Oct. 1909, pp. 329-353.

[28] Benvenuto Griziotti, "I principii distributivi delle imposte moderne sul reddito sugli acquisti ed incrementi di capitali", *Giornale degli Economisti*, vol. XXXIX, serie II, Nov.-Dec. 1909, pp. 455-507.

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science concerned with the principles governing the distribution of public burdens.[29] In order to formulate his ideas systematically, and to eliminate subjective political viewpoints, he has allotted to other sciences the task of interpreting the nature of the political principles which must underly any plan of distributing tax burdens.[30]

For Griziotti and his followers the State is an organism motivated predominantly by political forces. The objectives of the State are more complex, more extensive and more specific than those of the individual or the group. Individual and State aims tend to coincide only in so far as the State abstains from interfering in the economic activity which may result from the choices made by its citizens. When the State's purposes conflict with the interests of the individual or the group, the latter may be sacrificed. (For example, Griziotti cites war mortality, redistribution of wealth and changes in the standard of living arising from such factors as the World War, monetary inflations, Five Year Plans, etc.) The State must be distinguished from the collective groups of which it is comprised and cannot be personified in terms of a dominant class. Consequently, the subject matter of public finance should emphasize

[29] A recent comprehensive treatise is his *Principii di politica, diritto e scienza delle finanze* (Padua, 1929); see also, *Considerazioni sui metodi, limiti e problemi della scienza pura delle finanze* (Rome, 1919), p. 17.

[30] Griziotti in *Annali di Economia*, vol. X (1935), pp. 32-36.

Griziotti has explained that the problems involved in a determination of public outlays are entirely different from those concerned with revenues. Within the orbit of his system of public finance, Griziotti interprets only the elasticity necessary to endow public revenues with the ability to finance adequately changing expenditure programs. De Viti and the bulk of the exponents of the economic school are similarly disinclined to treat with public expenditure problems, agreeing, however, that a knowledge of them is essential for a complete comprehension of the economic effects of tax measures. This narrowing of the scope of the science, on the part of Griziotti in particular and the Italians in general, contrasts sharply with the practices followed elsewhere. Almost all English language studies, beginning with Bastable, and recent French and German treatises on public finance offer theories and descriptive analyses of public expenditures. American texts in particular place considerable emphasis on outlays. *Vide:* Bruno Moll, "Die Frage der öffentlichen Ausgaben in das System der Finanzwissenschaft" in *Probleme der Finanzwissenschaft*—Bd. I: *Probleme des Geld- und Finanzwesens* (Leipzig, 1924), pp. 24-35.

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the objectives of the State and should include the political, legal and economic elements involved.

Griziotti's theory, first stated in 1909, is in harmony with current Italian political ideas, for it conforms to the fascist doctrines concerning an interventionary state as outlined in the *Carta del Lavoro*. His views on the fiscal system as an instrument of political action have been linked to the work of Wagner,[31] who was primarily interested in the redistribution of wealth. It is more logical, however, to trace his ideas to Pareto whose analysis of economics within the framework of sociology may have suggested the inclusion of public finance within the framework of political science.

The political school, according to Griziotti, maintains that the exclusion of the various non-economic factors which affect fiscal phenomena causes an unnecessary distortion in the interpretation of the public finances. Its members have endeavored in their writings to use political and legal as well as economic criteria in formulating theoretical systems which correspond to current financing programs. They contend that they are thus relieved from the necessity of making occasional and unscientific excursions into neighboring fields for aid in solving problems of actual fiscal policy. Such excursions the economic school is compelled to make, since it fails adequately to take into account political and legal factors.

The essential features of Griziotti's work may be briefly outlined: A. The political theory dominant in the State should determine the structure of the revenue system.[32] The taxes and fees, fixed by legislation, are not to be regarded as prices expressing exchange values, but as political devices for the distribution of the costs of public services.[33] A program for

[31] Adolph Wagner, *Finanzwissenschaft* (3d ed., Leipzig, 1883).

[32] It is in the study and definition of fees, benefit levies, faculty taxes, corporate syndicate contributions, public prices, public debts and public ownership as financing media that the basic differences between the political and economic school become evident.

[33] A detailed analysis of the different concepts of taxes and other revenue-producing devices which De Viti de Marco and Griziotti entertain is found in the latter's methodological study, "Vecchi e nuovi indirizzi nella scienza delle finanze", *Annali di Economia*, vol. X, pp. 40-71.

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the redistribution of wealth, for example, may motivate specific tax policies based on ability to pay. Other political ideals may be attained through the use of benefit levies. Such devices as exemptions, progressive rates and classifications are similarly useful in effecting the general purposes of the State.

B. The analysis of the legal principles underlying a given fiscal program is essential for the effective drafting of tax statutes.[34] Furthermore, it throws light on the relationship of individual taxpayers to the distribution of tax burdens, explains the nature of the various levies and defines such concepts as double taxation, which have meaning only in terms of explicit legislative intent. Fiscal measures cannot be interpreted in terms of economic criteria which bear no relationship to the legal justification of such measures.

C. The economic factor in fiscal policy, however, continues to play an important, if restricted, rôle. It is desirable to ascertain the economic effects of tax programs and public debt operations, to investigate tax shifting and incidence in terms of static and dynamic markets,[35] for these studies indicate whether a particular tax measure will produce the desired result.

D. The coördination of various principles and methods in order to determine the fiscal system best adapted for a given national economy constitutes the final task of fiscal science. Basic problems, such as the degree of reliance on ordinary, as distinguished from extraordinary, financing devices and the allocation of burdens among the national, provincial and communal units of government and the fascist corporate entities, require comprehensive analysis for their solution. Satisfactory fiscal progress can be derived only from a judicious adjustment of political, legal and economic elements. The political school regards this analysis and adjustment as a scientific methodology capable of universal application in the study of fiscal problems.

Several students of Griziotti are now active proponents of his approach and methods. Among them are D'Albergo, Pugliese

[34] Griziotti, "Finanztheorie und Finanzrecht", in *Zeitschrift für Nationalökonomie*, Bd. VII, Heft 4, pp. 470-473.

[35] *Idem, Elementi di scienza della finanze* (Florence, 1932), chap. ii.

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and Vanoni.[36] Each has contributed to the formulation of principles for some branch of fiscal science. Pugliese has done much toward developing the legal aspects.[37] His work in Italy corresponds to that of the legalistic schools which flourish among the German and Swiss fiscal scientists.

Corporate Public Finance Studies

There is no doubt that fiscal policy and the study of public finance problems have been influenced by the corporate system and its teachings. As has been indicated, however, it seems premature to speak of a comprehensive corporate theory of public finance. In spite of many studies and monographs, no indication has yet appeared of a scientific method. Two plausible explanations may be advanced. First, the fiscal system of Italy has not undergone any basic reform in terms of fascist ideology. Second, the writers on public finance are drawn from the ranks of the several schools which we have discussed. Many of the corporate polemics are controversies which have long been waged by the exponents of these schools. It will be profitable, however, to review briefly the fascist influences on Italy's fiscal system and the currents of thought among those who are frequently designated as corporate fiscal scientists.

Under the fascist régime, Italy has enlarged the functions of its fiscal system in the general economy. Vast schemes of public works and internal improvements have given to the public finances a scope which in the United States has become familiar through a program of governmental loans and expenditures. It has been deemed desirable to coördinate political, economic, social and demographic policies with the fiscal system. One notes, however, that Italy's tax system is still the one which fascist writers have long desired to revise. The

[36] Ernesto d'Albergo, "Sul metodo nello studio della finanza pubblica", *Rivista Internazionale di Scienze Sociali*, anno XLIV, serie III, vol. VII, March 1936, pp. 150-161; Mario Pugliese, "Presupposti teorici e metodologici di un corpo di diritto finanziario e scienza delle finanze", *Studi Senesi*, vol. L, No. 1, 1936; E. Vanoni, *Natura ed interpretazione delle leggi tributarie* (Padua, 1932).

[37] *Vide* M. Pugliese, *La prova nel processo tributario* (Padua, 1935).

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corporate fiscal scientists also agree that it is a product of pre-fascist influences.

Some of the minor reforms which may be traced to fascist ideals were the early abandonment of inheritance taxes on intra-family transfers and the suppression of capital levies under Finance Minister de Stefani. An early fascist objective was the repeal of the many special war and post-war levies and a return to the basic pre-war tax system. Similar reforms, however, occurred in all continental nations.

The bulk of the revenues from direct taxes are derived from those on incomes from land, buildings and mobile wealth, levies which for generations have been a feature of Italian tax policy. These taxes date back almost to the unification of the kingdom.[38] The important global income tax, first levied on January 1, 1925, according to legislation passed a year previously, was based on a long-standing reform movement. Similar levies had been tried late in 1923.[39]

A basic reform of communal finances removed the local octroi and instituted other changes of a far-reaching character. As in the case of new or revised tax policies, however, it is difficult to isolate specific fascist ideology as a motivating force. Efforts to counteract the effects of capital scarcity and to foster family and population increases are the background elements which can most readily be recognized.

In the summer of 1936 an innovation, along lines recommended by corporate writers, provided for the participation of the corporate syndicates in the ascertainment of direct tax liabilities.[40] This may herald extensive reforms along corporate lines. Until the present, however, the fiscal problems have consisted chiefly of meeting increased demands upon a tax system not differing greatly from that which had been the result of a long historical development. Specific corporate viewpoints have been important primarily in formulating isolated and peripheral tax measures and in arranging the public debt operations.

[38] Luigi Einaudi, *Il sistema tributario italiano* (Turin, 1933), pp. 18, 25, 36.
[39] R.D.L., Dec. 30, 1923, No. 3062. [40] D.L., July 6, 1936, No. 1639.

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Fascist writers on public finance have favored the acceptance of "productivistic" norms for taxation. This concept is now used to signify measures designed to foster national production and enhance national revenues. Numerous objectives have been stated in terms of it.[41] But it is difficult to associate the principle with any specific program on which corporate writers are in agreement. The suggestions for reform of the fiscal system are varied, dealing with tax unification, nationalization and simplification, evasion, reduction, economy in collection and administrative costs, certainty of adequate tax yields in relation to expenditure programs, and numerous specific tax problems such as minimum exemptions and the favoring of incomes destined for capital investment. There is no consensus of opinion concerning reforms which best exemplify the "productivistic" viewpoint.

Among the corporate writers, however, two groups may be distinguished. One, of which Benini, D'Alessio, De Francisci Gerbino and Griziotti[42] are the leaders, has recommended drastic changes in fiscal policy and in the tax system in order to coördinate them with corporate ideals. The chief elements in the reform proposed by Griziotti are as follows:

A. Indirect taxes should be limited to measuring expenditures and income, which are not essential for subsistence, and should be complemented by a personal progressive income tax on consumed income, that is, expenditures.

B. The direct taxes should be levied not only on normal incomes but also on surplus incomes and all capital gains.

[41] A discussion of the concept is found in Attilio Garino-Canina, "Il principio produttivistico dell'imposta ed il sistema tributario italiano" in *Economia politica contemporanea: saggi in onore di Camillo Supino* (Padua, 1930), vol. II, pp. 331-370.

[42] R. Benini, "La finanza in regime corporative fascista" in *Atti del convegno di studi sindacali e corporativi* (Ferrara, 1932), vol. I, Relazioni; F. d'Alessio, "Evasione fiscale e riforma tributaria", *Augustea*, 1928, No. 4; G. de Francisci Gerbino, "Le corporazioni e la finanza corporativa", in *Giornale di Agricoltura della Domenica*, Dec. 2, 1934; B. Griziotti, "Transformazione delle finanze pubbliche", *Diritto del Lavoro*, fasc. 11-12, 1929, pp. 712-717; "Le finanz pubbliche e l'ordinamento corporativo", in *Economia*, vol. VI, No. 5, Nov. 1930, pp. 485-496; "La politica finanziaria", in Luigi Lojacono, *Le corporazioni fasciste* (Milan, 1935), pp. 304-315.

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C. Taxes on inheritances and gifts should reassume their original structure of an intra-family levy. Progressive taxes on *inter-vivos* transfers are also recommended.

D. In the case of deficits the State should attempt to find non-tax sources of revenue by increasing fiscal monopolies and by participating as a shareholder in industrial enterprises.

E. The public debt should be retired completely or partially and, at the same time, the taxes on the incomes from capital (agricultural incomes, incomes from buildings, incomes from mobile capital) should be abolished. In order to achieve this an obligatory capitalization of these taxes should be imposed and the payment of a sum corresponding to the capitalization value of the abolished taxes should be levied. Payments should be made in cash or in public debt obligations, apportioned and payable in installments.

Other writers, of whom only Uckmar [43] and Fasolis [44] are here mentioned, do not favor drastic revisions.[45] In general this group, whose viewpoint has been borne out in practice, feels that radical reforms are undesirable and that in tax matters slow evolutionary changes are necessary. Perhaps the most controversial question has been that of apportioning national tax revenue requirements among the corporate syndicates and allocating to them the administration and enforcement of the collection. The first group favors such a policy. The most recent administrative reforms, mentioned above, point to its fulfillment. Among the more conservative group some admit the desirability of an apportionment system only for a limited share of the tax burden. Others feel that the assumption of treasury functions by the corporate syndicates would mean the renunciation by the State of one of its fundamental powers. A further dissent is based on the idea that the intro-

[43] Antonio Uckmar, "Ordinamento corporativo e ordinamento tributario", *Atti del primo convegno di studi sindacali e corporativi* (Rome, 1930), vol. I.

[44] G. Fasolis, *op. cit.*

[45] A comprehensive summary of the suggestions made for a corporate reorientation of the public finances is found in "La polemica sulla revisione corporativa della pubblica finanza", in Lello Gangemi, *Politica corporative e finanza pubblica* (Bologna, 1936), pp. 214-278.

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duction of the apportionment system would destroy the fiscal unity which should underly tax and budget policies.[46] Thus it can be seen that corporate writers are in agreement only concerning the desirability of coördinating the fiscal system with corporate ideals. They maintain different views regarding the scope, method and content of the reform.

The political school has been active in the discussion of these corporate fiscal problems. It has developed an independent system embodying a complete theoretical interpretation of fiscal phenomena which may include within its framework the corporate problems. The political methodology is prepared to analyze any fiscal system in its historical development and is not restricted to the corporate objective of supplying an approach to the solution of fiscal problems in present-day Italy. The economic school has contributed chiefly an analysis of economic implications. Many of the current corporate problems, such as the substitution of consumed for earned income as a tax base, have long been the subject matter of their discussions. With regard to a corporate science, one of the leading exponents of the economic school, Einaudi, has expresed the belief that until the public finances have become oriented along corporate lines, a corporate fiscal science is not attainable.[47]

Summary

The various interpretations of fiscal phenomena which have been elaborated by Italian students are not unlike tendencies discernible elsewhere. As in the study of economics proper, widespread dissatisfaction with neo-classical methods and theories characterizes fiscal science. Writers who have developed their works in terms of political and legal concepts dominant in their own countries have found it necessary to disavow the assumptions and postulates of the neo-classical economists. In Germany, the advent of National Socialism has brought into sharp relief fiscal theories which interpret the interventionary rôle of the totalitarian state and the use of the

[46] *Ibid.*

[47] Luigi Einaudi, "In difesa della scienza delle finanze", *Riforma Sociale*, vol. 45 (1934), p. 96.

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fiscal system as an instrument of socio-economic control.[48] Historical links to the work of Schäffle and Wagner and to Hegelian philosophy are traced by the Germans, whose work can be compared to that of the Italian corporate writers.

The general body of the German literature offers earlier, though somewhat less exact, parallels to the Italian trends. Several writers, notably Lindahl and Wicksell in addition to Sax, writing in German though they were not Germans, viewed public finance as a science to which marginal economics could be applied. The Germans themselves featured historical and descriptive studies or analyzed public finance, as did Gerloff, Lotz and Terhalle,[49] primarily in terms of administrative problems. The latter group viewed their contributions as supplementing rather than replacing the systematic economic treatises. In the post-war decade several younger German scholars began to question the validity of applying the principles of private economy to public economy. This group endeavored also to stress the political element in fiscal matters. Writers such as Colm, Jecht, Ritschl and Sultan[50] were associated with this development which has commonly been identified with the creation of a German sociological school of public finance.[51] The similarity between their views and those of Griziotti and his followers is undeniable.

Parallel lines are also evident, if one compares the French and Italian theories of public finance. In the former a strong

[48] K. W. Rath, "'Öffentliche Hand' oder volksbewusste Staatswirtschaft", *Finanzarchiv*, N.F., Bd. 4, Heft 2, 1936, pp. 193-280.

[49] Wilhelm Gerloff, "Introduction", *Handbuch der Finanzwissenschaft* (Tübingen, 1926); Walther Lotz, *Finanzwissenschaft* (Tübingen, 1917); Fritz Terhalle, *Finanzwissenschaft* (Jena, 1930).

[50] Gerhard Colm, *Volkswirtschaftliche Theorie der Staatsausgaben* (Tübingen, 1927); Horst Jecht, *Wesen und Formen der Finanzwissenschaft* (Jena, 1928); Hans Ritschl, "Theorie der Staatswirtschaft und Besteuerung", *Bonner Staatswissenschaftliche Untersuchungen*, Heft 11 (Bonn, 1925); Herbert Sultan, *Die Staatseinnahmen: Versuch einer soziologischen Finanztheorie als Teil einer Theorie der politischen Ökonomie* (Tübingen, 1932).

[51] Gerhard Colm, "Probleme der Finanzsoziologie" in *Reine und Angewandte Soziologie: Festgabe für Ferdinand Tönnies* (Leipzig, 1936), pp. 106-112.

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interest exists in the analysis of fiscal legislation as a point of departure for the study of fiscal science.[52] The tendency to recognize the political element as the decisive factor in fiscal activities is also found among French writers on public finance.

An avowed expression of faith in a particular methodology and body of theory is not customary among Anglo-American fiscal scientists. It is apparent also that the interest in the formulation of abstract and mechanistic theories of public finance has not been as popular in this country as in Italy or Germany.

It is in Italy that the lines of demarcation between the several theories have been most clearly drawn. The current popularity of political and corporate writers is one which cannot fail to subordinate purely economic interpretations of fiscal phenomena and particularly the links between the science of public finance and neo-classical doctrines in economics. Without renouncing their allegiance to the economic theories, in which the older teachers may be said to have a vested interest, the present leaders of the economic school seem to favor greater recognition of the political element in their science.

[52] Edgard Allix, *Traité élémentaire de science des finances et de législation financière française* (2d ed., Paris, 1931).

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THE FRONTIER AS SAFETY VALVE: A REJOINDER

IN his contribution, "Concerning the Frontier as Safety Valve",[1] Dr. Joseph Schafer joins issue at a number of points with our articles on "The Wage-Earner in the Westward Movement".[2] Dr. Schafer criticizes as inadequate our "roll of adherents" to the safety-valve theory; he rejects our conclusions as to the magnitude of the movement of eastern wage-earners to western farms; and he appears also to question the significance of this issue for supporters of the Turner theory as a whole.

These points should be considered in turn, and the first may be quickly conceded. Our history of the doctrine would certainly have been strengthened by the addition of Dr. Schafer's quotations from Franklin, Jefferson and Hamilton. But since our purpose was to show "the ubiquity of the idea" in different periods and in the minds of men of opposed social philosophies, the general tenor of the argument is scarcely changed by a demonstration that the doctrine was even more ubiquitous.

The second question is the crux of the controversy. With entire accuracy, Dr. Schafer defines our position as questioning only "that single feature" of the safety-valve theory "which assumes that free or cheap lands in the West constituted a city-of-refuge for industrial laborers of the eastern cities." On this his own position is stated with equal clarity: "Let no one deceive himself into thinking that factory workers did not become farmers in the manner here indicated."

Yet the determination of the issue does not appear to be advanced by Dr. Schafer's references to "Liverpool mill hands," "unemployed potters from Staffordshire," "miners from Cornwall and Cumberland" and other European immigrants who became settlers on the land, or to western craftsmen who became farm owners, or to migrants who went west to work as lead miners. Though all these citations are illuminating as description of the frontier process as a whole, they have nothing to do with the question as posed. Our concern is with *eastern* wage-earners, not immigrant or western ones, and with

[1] POLITICAL SCIENCE QUARTERLY, Sept. 1937, pp. 407-420.

[2] POLITICAL SCIENCE QUARTERLY, June 1935, pp. 161-185; March 1936, pp. 61-116.

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eastern wage-earners who *became western farmers.* Thus the relevance of the evidence cited from De Haas cannot be determined unless we know whether the handicraftsmen referred to had plied their trades in the East, in the West, or abroad; and the same question must be raised with regard to the 55 craftsmen and the 68 common workers whom Neill records as attaining farm ownership in Dakota County, Minnesota.[8]

A still larger part of Dr. Schafer's article is devoted to demonstrating that farm laborers often became farm operators. This serves to indicate one process by which inexperienced migrants from eastern towns and cities might have learned the techniques of agriculture, and it may therefore be regarded as a direct reply to the comments on the difficulty of that transition which we quoted from the "Minnesota witness" and other contemporary observers. To show how eastern wage-earners *might* have learned farming, however, is not the same thing as showing that they actually did learn it. Yet a confusion on this point seems to be inherent both in the advice given for further study and in the evidence presented in the September article. The method which Dr. Schafer suggests for the use of the manuscript census, county by county, will serve admirably to determine whether or not laborers or mechanics changed their status, *within that county,* to that of farm owner; but it will not help at all to determine whether a Massachusetts mechanic became a Wisconsin farmer. Even the highly ingenious suggestions that a migrant's route across the country could be traced by noting the birthplaces of his successive children, to which we had already referred, would carry the inquiry only part of the way.

[8] For certain of these cases, the point may be settled by an examination of the original source, Edward D. Neill, *History of Dakota County and the City of Hastings* (Minneapolis, 1881). B. H. Hoff, for example, who learned the carpentry trade in New York City, and S. Meeker, who worked there as a bookkeeper, would have come within our definition. On the other hand, John Anton, who was a cabinet-maker in Luxemburg, but came directly to Minnesota, and Herman Ehlers, who worked in a lumber yard *in Iowa,* were as clearly not eastern wage-earners in the westward movement. But so many of the biographies leave the point indeterminate that statistical treatment could hardly be expected to give satisfactory results. On the whole, the six hundred or more individual cases treated in some detail appear to confirm the impression we had gained from contemporary Minnesota newspapers that the greater part of the native-born migrants to the state had come either from the smaller communities of New York and New England or from the older parts of the Middle West. Even of the "craftsmen", then, many were not from "eastern cities"; certainly few were factory workers, and an indeterminate number were doubtless independent artisans.

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A similar point applies to Dr. Schafer's own estimate that "nearly or quite one third of the middle western farmers, around 1880, had earned their farms as common or skilled laborers." This generalization, based on his very wide examination of original sources, must be taken as a most significant comment on the westward movement as a whole. But how many of these workers were industrial rather than agricultural? And of the former, how many had practiced these occupations in the eastern United States rather than in the West or overseas? Until this analysis is made, the statement cannot be applied to the question at issue.

There remain, however, certain items of evidence whose bearing is more direct. The contemporary declaration that Lowell mill girls turned their wages into dowries for the settlement of western farms is clearly in point, though, as Dr. Schafer points out, "too sweeping". Page 414 adds two individuals to our short list of former wage-earners or mechanics who were reported on western farms. If the "mechanics and laborers" who came to work on the Chicago harbor construction were from the East rather than from Europe, the interesting citation from Lieutenant Allen contributes a larger number. Moreover, there appears to be good reason for accepting Dr. Schafer's argument that the "sprinkling" of Irish farm communities owed their origin largely to wages earned on construction jobs. Yet, with all possible allowance, this seems much less than "proof . . . to any desired extent" of the existence of a large-scale movement from eastern mills to western farms. We recognize, and have recognized, the force of Dr. Schafer's statement that it is difficult and dangerous to attempt "to prove a negative" by "*the argumentum ex silentio*". But until the silence is broken by evidence more definite and more quantitative than that thus far presented, we must continue to question the presence of any very substantial number of eastern industrial wage-earners in the great stream of migrants that occupied the lands of the West.

The third difference is less clearly defined. Dr. Schafer's final paragraphs, though not the body of his article, appear to ask the question, "What of it?" We had limited our claims by pointing out that certain conclusions commonly drawn from the safety-valve theory were not necessarily dependent upon the actual movement of wage-earners, and we should not have denied the "largely psychological" effect upon which Dr. Schafer's argument finally rests. It would require longer reflection to venture to say how much of the now traditional frontier interpretation of American history would

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have to be given up, if it became fully established that no large-scale movement of industrial wage-earners ever took place. It is perhaps enough to say that those who have attempted to apply the frontier doctrine to the understanding of the American labor movement have rested, and continue to rest,[4] a particularly heavy weight upon this element of the Turner theory. Did the safety valve permit the escape of substantial numbers when distress or conflict threatened? Or was there instead, as Professor Shannon puts it, a mere "seepage of steam which went on almost constantly", but which "almost stopped entirely when the pressure got dangerously high"?[5] An answer is important if the object is to explain the history of "labor explosions".

[4] *Cf.* the citations in our first article, pp. 163-5, and note as a still more recent example Bruce Minton & John Stuart, *Men Who Lead Labor* (New York, 1937), pp. 13, 22.

[5] From Professor Fred A. Shannon's contribution to the discussion at the April 1937 meeting of the Mississippi Valley Historical Association. On this occasion he addressed his "friends the safety valvers" as follows: "Since your valve has the habit of sticking at the crucial moment, while letting off a thin stream of labor even when the pressure is not high, . . . call it a whistle on a peanut roaster and be done with it."

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PRESIDENT WILSON'S PURGATORY

THESE two volumes,[1] by far the best in Mr. Baker's monumental biography of Wilson, may be treated together, because they form a single theme. Their subtitles could be interchanged; for we were "facing war" and the war was shaping our main policies from its outbreak in August 1914, where Volume V begins, just as we were holding desperately to "neutrality" until the President's fateful war message of April 2, 1917, where the sixth volume ends. These thirty-two months were a veritable purgatory for President Wilson. In the first year and a half of his administration he had put through an amazing program of domestic reform, backed by an ample majority in Congress and commended by an enthusiastic press. He was on the top of the wave in the early autumn of 1914. The "new freedom" which he had preached in his campaign addresses and his messages to Congress seemed to be actually dawning. He had set his signature to tariff and currency bills with congratulations to the country on having opened the pathway of opportunity and prosperity to the unhampered initiative of American energy and talent. The legislation for the elimination of unfair practices in trade, for the abolition of interlocking directorates and intercorporate stockholding, for the relief of organized labor from the menace of injunctions or of prosecution under the anti-trust acts was nearing completion. His active mind was busy with new projects for the welfare of the country: a far-reaching conservation program, improvement in the relations between capital and labor, a national university for the encouragement of letters and art, the cultivation of democratic fellowship with the sister republics of Latin America. His accomplishments were the earnest of new triumphs to come. His mind was clear, his will was strong, his course was plain, his success seemed assured. Then came the "incredible catastrophe" of the war, which surprised Wilson (who eight months before had spoken of the manifold signs of increasing good will among the nations) in the midst of his work, much as the flood, in the witty remark of one of Wilson's biographers, must have overtaken Mrs. Noah in the midst of her spring housecleaning.

[1] *Woodrow Wilson: Life and Letters*, by Ray Stannard Baker. Volume V: *Neutrality, 1914-1915;* Volume VI: *Facing War, 1915-1917.* Garden City, Doubleday, Doran & Company, Inc., 1935, 1937. 407; xvi, 543 pp. $10.00.

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Again, once the great decision of April 1917 was made, Wilson's full vigor was restored. The "one track", which had divagated into a network of spurs and sidings during the vexed days of neutrality, was clear again, and the President's mind ran down it with the old confidence and command which had characterized the early months of the administration. He turned from the hesitant and rather querulous balancer of the conflicting opinions urged upon him by Bryan and Page, by Garrison and Hay, by House and Ford, by Gore and Lansing, to the "firm and unrelenting leadership" which he knew so well how to exercise when his own path was clear. He became the most ardent advocate of the full contribution of American man power and wealth to the cause of the fighting democracies: "Force, force to the uttermost!" He commanded Congress again; he stilled the dissent in the cabinet; he defeated the plan to put his prerogative of commander-in-chief of the army and the navy into commission by the creation of a congressional committee or a coalition government for the management of the war. He kept his hands firmly on various levers of the war machine: economic, financial and diplomatic. He secured from Congress and wielded with confidence dictatorial powers. He announced to the world the "points" on which the peace must be based. All this story of a regalvanized Wilson will be told, and finely told, by Mr. Baker in his succeeding volumes. But in the two volumes under review it is a perplexed president that we see, trying to emerge from the doldrums of indecision by lifting himself up by his own idealistic bootstraps.

True, Mr. Baker, in his faithful devotion to his hero, tries again and again to vindicate the President's course in these years of trial, interpreting aversion to positive action as the result of a calm Olympian comprehension of all the factors involved, which was denied to his nervous and clamant advisers. But Mr. Baker's picture is not convincing. The record of events, which he honestly sets down, makes the President look more like Buridan's ass, immobilized between the carrot of isolation and the hay of coöperation, than like Zeus waiting in dignified omniscience for the proper moment to hurl his thunderbolt. He seeks advice from House but does not follow it; he receives warnings from Page but does not heed them. As so often in his career, when he is low-spirited, he gets relief by reciting his intolerable burdens in long letters to his sympathetic women friends, Mrs. Hurlburt, Mrs. Toy and Mrs. Reid. The objections to any positive action bulked larger in his mind than the advantages to be derived therefrom. A couple of quotations in close

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juxtaposition will show how impossible it is for Mr. Baker to maintain his thesis of the President's mastery in this period. He writes (VI, 303), "The President, having made up his mind, never for a moment abated his steady pressure for action. He had the patience that goes with a consummate historical knowledge of the democratic process. . . ." Yet, immediately after this, Baker says (VI, 304-5), "Wilson himself was not free from these contradictions" (between our obligations to humanity and our selfish commercial interests). "Like most Americans, he was caught in a welter of doubt, hesitation, contradiction." The first extract represents what Mr. Baker would like the President to have been; the second states the naked truth.

It is not difficult to understand nor easy to condemn this "welter of doubt" in the President's mind. He was trying with all sincerity to hold fast to two conflicting principles. He was attempting to reconcile his determination to keep America out of the war with his duty to protect American rights against their lawless invasion by the British and German governments alike. The former object (the dearer to his heart) he could accomplish only through the attainment of the latter; and the latter he could obtain only in a world where neutral rights were respected. The tragedy of the situation was that Wilson was insisting upon a "reign of law, based on the consent of the governed and sustained by the organized opinion of mankind" at a moment in the world's history when the reign of law was suspended, the consent of the governed ignored, and the opinion of mankind utterly unorganized. His program was one to be worked out, if possible, in time of peace; it was folly to expect a hearing for it while the war was raging. "We must keep the law alive while the rest of the world burns", cried the President at Des Moines on February 1, 1916. Domestic law we might indeed keep alive in our temples at home; but international law was being consumed in the flames of Europe. No *one* nation can keep that law alive. Margaret Fuller said that she accepted the universe. "Egad, she'd better!" was Carlyle's laconic comment. President Wilson never "accepted" the war. For him it was a rude interruption, an annoyance, almost an impertinence. He was interested in its progress only in so far as its events gave promise of a better state of the world at the end. He wanted a "peace without victory", while all the other belligerents were set on victory to dictate peace. He refused to commit himself to praise or blame of either side. The war just happened, struck the world as an "incredible catastrophe." "With its causes and objects we are not concerned," he said in his address

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before the League to Enforce Peace, at Washington, on May 27, 1916. " . . . the obscure fountains from which its stupendous flood has burst forth we are not interested to search for or explore." This was said in the time of hesitation. How different the language a year later, when the track was clear! "The war was begun by the military masters of Germany. Their plan was to throw a broad belt of military power and political control across the very center of Europe" (address of June 14, 1917).

Mr. Baker makes every effort to refute the view of Seymour, Millis, Borchard and others that Wilson, in spite of his admonition to the American people to be neutral in thought as well as in deed, was himself in sympathy from the beginning with the Allies. It is true that the President would often have sent sharper notes to England than Page and House would approve, and that he showed a patience with Germany which roused Roosevelt and Wood to frenzies of sarcastic denunciation. It is true, also, that his invocation of a curse upon the Montague of Downing Street and the Capulet of Wilhelmstrasse alike has the ring of stern impartiality. But again the record shows where his sympathies really were and whither the drift of his whole policy tended. Could he have written to the Kaiser or to Bethmann-Hollweg as he wrote to Sir Edward Grey on August 19, 1914, "I feel that we are bound together by a common principle and purpose"? Did he "regret the necessity" of sending his "strict accountability" note to Germany on the use of the submarine, as he did the dispatch of his protest to England on the unauthorized use of our flag (in a letter of February 13, 1915, to House)? For all his irritation with Grey and Page over the arbitrary extension of contraband lists, the seizures of vessels, the surveillance of our foreign trade, the confiscation of mail, the blacklisting of American firms, Wilson was after all quite as determined as Page to do nothing that would prevent the Allies from winning the war. He said so in as many words to Tumulty. He yielded to Grey's "evasive politeness" and "weary courtesy" on point after point: observance of the Declaration of London, loans to the belligerents, detention of cargoes, etc. At the end he accepted fully the Allied and not the German explanation of the origin of the war. Sir Edward, in an oft quoted passage, declared that the British policy was "to secure the maximum of blockade that could be enforced without a rupture with the United States" (*Twenty-Five Years,* vol. II, p. 107). The object of Wilson's diplomacy might perhaps be stated as making the maximum demands that could be conceded to American rights without endan-

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gering an Allied victory. Ambassador Spring-Rice was speaking the simple truth when he said: "All issues in dispute between England and America were decided as England wished" (Stephen Gwynn, *Letters and Friendships of Sir Cecil Spring-Rice,* vol. II, p. 430). Had not Wilson's "spokesman", Colonel House, at a meeting with Page, Lloyd George, Lord Reading and others in London, in January 1916, in answer to a question of Austen Chamberlain as to "what the United States wished Great Britain to do", replied (to Page's great satisfaction): "The United States would like Great Britain to do those things which would enable the United States to help Great Britain win the war!" ? (Charles Seymour, *The Intimate Papers of Colonel House,* vol. II, p. 124.) Certainly, this was a strange and startling statement from the emissary of a neutral nation! It was only one of several of the same tenor made by the irrepressible Colonel (see Baker V, 205, 310, 371, 377; VI, 132, 228, 496 for outstanding examples).

One gets the impression that Mr. Baker, having committed himself to the thesis of Wilson's complete impartiality (VI, 189), attempts to throw on his advisers, like Lansing, Page and House, the responsibility for pledging us so deeply to the interests of the Allies that our entrance into the war was an inevitable result. He is especially hard on Colonel House, whom he even accuses of deliberately omitting from the letters given to Seymour passages of compromising importance. He speaks of House as "travelling about Europe, accomplishing nothing whatsoever . . . writing voluminously to the President . . . describing his meetings and conversations and 'luncheons alone' with various celebrities, jumping impulsively at new ideas—and enjoying it all enormously" (V, 320). "Well-intentioned bungling" (VI, 153) and "utter nonsense" (VI, 180) are phrases with which he characterizes House's activities, and he "wonders sometimes, reading the documents, whether there was ever a real meeting of the minds of the two men [Wilson and House], or whether there could have been a more slippery basis for effective diplomatic action" (VI, 139). But Mr. Baker seems not to realize that his depreciation of Colonel House reflects seriously upon the President. House was after all but a private citizen, with no responsibility to the American Congress or people for the "hopeless" diplomatic schemes which he was weaving in Europe. He had the most intimate and confidential "carte blanche" from Wilson, whose trust in him was so complete that he did not need to give him any instructions as he set out on his "missions", and who

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confined his comments on the progress of those missions to personal letters of approval and congratulation, without apparently ever discussing the weighty questions with the cabinet or even giving them any "searching examination" (VI, 152) himself. If House was indeed so grievously bungling his task, can the President be absolved from the reproach of allowing personal affection to blind him to the danger of his "alter ego's" commitments? If Mr. Page was so unabashedly devoted to the British cause that Lord Grey could say: "The comfort, support, and encouragement that his presence was to the Secretary for Foreign Affairs in London may be imagined, but cannot be overestimated" (*Twenty-Five Years,* vol. II, p. 102); that he received in 1923 the honor of a tablet in the Chapter House of Westminster Abbey; and that in 1916 he "gave so little support to the efforts of the administration [at Washington] that Lansing and Wilson became thoroughly disgusted" (Baker, VI, 215), why did President Wilson keep him in the most important diplomatic post in Europe to represent a government pledged to strict impartiality? Mr. Page as a man was entitled to his Anglophilism; but as an ambassador he was in duty bound to carry out the instructions of his chief at Washington. If House and Page shaped the course which led us into the war, the responsibility for letting them do so was Wilson's. The scapegoat theory is only a rationalization for the defense of the untenable thesis of the President's Olympian detachment.

On one interesting point Mr. Baker is in agreement with a growing number of writers on the events leading to the war (Millis, Grattan, Borchard, Tansill and others). That is the rehabilitation of William J. Bryan. On Secretary Bryan's vain plea in September 1914 that the President should summon the belligerents to discuss peace possibilities, on the ground that the responsibility for continuing the war (then deadlocked) was as great as the responsibility for beginning it, Mr. Baker comments: "Here was a broad, sound thought—with constructive ideas which Wilson was afterward to profit by" (V, 286). "But", continues Baker, "House was at Wilson's elbow, urging him to do nothing." More than a year later House himself confessed to Grey (October 7, 1915) that "the time may come soon" when America "should demand that peace parleys begin" (*Intimate Papers,* vol. II, p. 90), but it was not until more than another year had passed, during which the water flowing under the bridge of peace had swollen to a raging, uncontrollable flood, that the President finally made his direct appeal to the belligerents in the note of December 18, 1916. "It is significant", says Baker

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(V, 302), "that after House had travelled about Europe for two years, finger on lips, in an atmosphere of mysterious conferences and secret codes, with no result whatever, Wilson turned back to some of the rejected ideas of Bryan—but it was then too late." "One of the surprising features of these developments", says Baker (V, 300), "is the way in which Bryan looms up as the statesman of largest calibre among Wilson's advisers." Praise could go no further.

From time to time Mr. Baker turns from the absorbing theme of these volumes, namely, the distressing diplomatic problems which the President had to face during the purgatorial years of our neutrality, to devote some space to contemporary events at home. For example, chapter two of the fifth volume deals with the campaign of 1914, the struggle in Congress over the Shipping Bill, and the President's personal life. In the sixth volume chapters two, three, four and seven are given respectively to Wilson's second marriage, complications in Latin America, domestic reforms in agricultural, immigration, tariff and labor matters, and the presidential campaign of 1916. Since there is little that is new or arresting in Mr. Baker's admirable discussion of these subjects, we have confined this review to an examination of the main theme of the volumes. If the reviewer differs somewhat with the author on the emphasis which the latter puts upon President's Wilson's clarity of vision and steadfastness of will during these two and a half years of trial, he does not overlook the skill and the thoroughness with which Mr. Baker has performed his difficult task. The volumes are the best so far in a set of remarkably fine ones. From Mr. Baker's patient exploitation of the immense mass of material entrusted to him by the President and Mrs. Wilson, supplemented by the "steady flow of memoirs", he has given us as nearly a definitive biography of Woodrow Wilson as we may hope to have. From the point of accuracy also the volumes are well-nigh faultless. The reviewer has found but a single slip, and that in a footnote (VI, 415), in which the author speaks of Monroe as "the President of 1814", when referring to a document of that year written by Secretary of State Monroe. The American historical guild will look forward to the coming volumes of this great biography, in which they will follow the war President, now delivered from his purgatory of divided counsels, prosecuting his work with the "firm and unrelenting leadership" in which he rejoiced.

DAVID S. MUZZEY

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REVIEWS

Grey of Falloden. By GEORGE MACAULAY TREVELYAN. Boston, Houghton Mifflin Co., 1937.—xvi, 447 pp. $3.75.

This volume is really two biographies, for Grey the man was unusually distinct from Grey the statesman. Of the man, who is the main study of the book, all that need here be said is that he must have been one of the most thoroughly charming personalities the human race has yet produced. Like Milton he worked himself into blindness in his country's service and, again like Milton, endured this and many other personal afflictions with a stoic's calm. He hated cities, and his only quarrel with the American people (whom on other counts he admired) was that they were not sufficiently fond of country life (p. 400). He was as passionately fond of birds as Audubon himself. He was so conscientious that after four years of war he was still pacing the floor at nights, trying to think if by more foresight or wisdom he could have staved it off. His final conclusion was that "no human individual could have prevented it" (p. 284).

But of Grey the statesman a great deal remains to be said. His discerning critics, even in Germany, have given him credit for the best of intentions but good intentions are no prophylactic against blunders. He has been accused, on various sides, of a passion for secret diplomacy, of keeping his own cabinet in the dark about important matters, of making unlimited commitments to France and to Russia, of sacrificing Persia to the Anglo-Russian entente, of being moved by a profound dislike of Germany to "encircle" her with a hostile "iron ring", of being shell-shocked into vacillation in the 1914 crisis when a bold stand for either British neutrality or British intervention would have prevented war, of using Belgium as a mere hypocritical pretext for coming to the aid of France, of mishandling the Balkan situation in such a way as to alienate both Greece and Bulgaria after war opened. All these charges and more are passed in review by Trevelyan.

It is important to note that, while the author is on every page a profound admirer of Grey and in most matters his champion, he is no Boswell to a Johnson. Thus he accuses Grey of putting too much trust in Milner and too little in Campbell-Bannerman and

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so taking too imperialistic an attitude throughout the Boer War (p. 86), and he charges that ignorance of military matters led Grey to underestimate the importance of the "military conversations" between British and French army and navy experts (pp. 134, 164, 320). Again, while he defends Grey's conduct in many dubious matters, he admits that often it was a sad choice between two evils. Thus Grey for two years defended in public severities in Egypt which in private he declared to be gross errors (p. 223), permitted the virtual overthrow of Persian independence by Russia, declared that "if a good settlement of Albania would mean war between two or more Great Powers, and an inferior settlement would secure peace between them, the latter has to be preferred" (p. 265), and in many other matters did, or permitted, evil that good might come.

On all the larger lines of policy, however, Trevelyan considers that time has vindicated Grey completely. Grey, so far from being naturally prejudiced against Germany, was one of the first statesmen of the victor Powers to protest against the injustices of Versailles (p. 398). He created the Triple Entente because Germany's attitude left no other course open to England. "Britain's need for safety at sea would no longer permit her to regard with indifference either the crushing of France by Germany, or the drawing of France and Russia into the orbit of German diplomacy" (p. 126). So far from the truth was the alleged conspiracy of wicked "Liberal Imperialists", such as Grey, Haldane and Asquith, to bring Britain into the Anglo-French Entente, that it was the Whiggish and conservative Rosebery who opposed it while the radicals and pacifists in the cabinet, such as Campbell-Bannerman, Ripon and Morley, favored it (p. 140). Morley's assertion that he opposed the later Russian agreement is flatly contradicted and evidence is adduced to show that Morley was in fact one of its main supporters (p. 210 and note). Again, Trevelyan refutes Harold Nicolson's charge that Grey had negotiated with Germany a secret treaty providing for the partition of the Portuguese colonies, by showing that the really secret treaties on the subject were negotiated before Grey was in office, and that Grey insisted, in the face of German opposition, that his own treaty be made public to Portugal and to the whole world (pp. 270-71). It is true that during the War Grey negotiated secret treaties, but only because the governments with which he was dealing—Italy, Russia and Rumania—insisted on it, and because without the Italian alliance the War would probably have been lost (pp. 307, 334). Against Lloyd George's accusation that Grey "for some inscrutable

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reason" failed to respond to Greek promises to join the Entente Allies, Trevelyan points out that the "inscrutable reason" was simply Russia, which stupidly interposed a veto (p. 321).

In respect of the crisis of 1914, the most critical hour of Grey's diplomacy, Trevelyan insists that it was utterly impossible for Grey to promise definitely either neutrality or intervention because in neither case could he count on the united support of the cabinet, Parliament or the nation at large. "The idea that one individual, sitting in a room in the Foreign Office, could pledge a great democracy definitely by his word, in advance, either to take part in a great war or to abstain from taking part in it, is absurd" (p. 284). Until late on August 2, a large section of the ministry was against intervention even if Belgium should be invaded, especially since it was not certain that Belgium would resist at all, or welcome British intervention, and "it was difficult to be more Belgian than the Belgians" (p. 290). This view is supported by other members of the cabinet, such as Lord Crewe and Winston Churchill; if Lloyd George now thinks differently, it is but an unfortunate example of "his retrospective creation of situations that never existed in order to cast blame on others" (pp. 292-93).

PRESTON SLOSSON

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Goliath: The March of Fascism. By G. A. BORGESE. New York, The Viking Press, 1937.—ix, 483 pp. $3.00.

G. A. Borgese, formerly professor of aesthetics at the University of Milan and literary editor of the great liberal daily *Corriere della sera,* found it impossible to continue his work in Italy under the Fascist régime, refused to take the oath imposed by the Italian government on all members of the teaching body, and is now a professor at the University of Chicago. His *Goliath* is a frank, outspoken and eloquent indictment of Mussolini who, to Borgese, personifies Fascist Italy. The author's profound knowledge of Italian literature, philosophy and history, his keen insight into the working of the Italian mind, his passionate devotion to his subject have all combined to produce a book of absorbing interest. Even Borgese's style, with its strong undercurrent of Italian rhetoric essentially foreign to literary English, seems eminently suitable to his discussion and preserves something of the flavor of the Dantean tradition, even if it occasionally taxes the patience of the reader.

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The author's general approach is based on the belief that "men are ruled by passions more than by interests." He rejects altogether the familiar interpretation of Fascism as the last stage of "decaying capitalism" and his volume is blessedly free from the customary references to class struggle, monopolistic capitalism and absentee landownership. "The occasional complicity between a section—and only a section—of capitalism and Fascism was no permanent coincidence of real interests and beliefs", he writes. ". . . Even those among the capitalists who joined and fed the Fascist movement were inspired by passion far more than by interest. They had, in 1922, nothing more to fear from a collapsed Communism and a confused Socialism." Their contributions to the Fascist chest, according to the author, were inspired merely by the desire to use Mussolini temporarily "for some saturnalia of revenge." This plan, however, failed when Mussolini "permanently subjugated them. Now he is leading the chain which they drag. . . ."—a fair enough statement of the position of Big Business under the Fascist rule. Having discarded the pseudo-Marxian abstractions, Borgese tells the story of the rise of Fascism in terms of personalities and "passions" scattered over a long period of more than six hundred years. This method, although open to criticism, gives the author an opportunity to present a brilliant gallery of pen-pictures of the intellectual and political leaders of Italy: Dante, who, "with all his greatness, distorted the soul of his people"; Cola di Rienzo, the ill-fated Roman tribune of the fourteenth century; Machiavelli, who made the sinister discovery that "political activity is independent of morals and religion"; the poets and heroes of the Risorgimento—Alfieri, Parini, Foscolo, Manzoni, Leopardi, Mazzini, Garibaldi, Cavour. Even more illuminating perhaps are Borgese's often devastating portraits of contemporary leaders: D'Annunzio, hero of the "autocratic oratorical republic" of Fiume, Gentile, Croce, the King and the royal princes, Giolitti, Orlando, Sonnino, to mention just a few. The figures of the great and near-great are skillfully woven into a broad tapestry which majestically unfolds against the background of Italy's political struggle and intellectual development. Borgese succeeds to a remarkable degree in integrating the diverse elements of his narrative in a coherent, perhaps even too coherent, picture. There are delightful vistas of Rome and Romagna, Mussolini's native region, revealing observations on Italian peasants and their attitude toward family, stern denunciations of the Catholic Church,

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keen characterizations of the bureaucratic machinery. The first half of Borgese's book, with its mixture of pathos, gentle humor, bitter sarcasm and clever epigram, is in the full meaning of the term an outstanding contribution to the intellectual history of modern Italy.

It is unfortunately more difficult to accept his general interpretation of Fascism which he describes as "an outburst of emotionalism and pseudo-intellectualism, thoroughly irrational in its nature", even though this vague definition contains an important element of truth. Toward the end of the volume Borgese is even less precise when he declares that "Fascism, for all its horror, is hollowness and nil, and such stuff as nightmares are made of"—surely not a very illuminating statement. Having discarded historical determinism the author explains the nature of Fascism by the personality of its leader, Mussolini. For the Duce, however, he has nothing but contempt and hatred. Borgese speaks of Mussolini's "confused and provincial mentality", of "his mind untrained in the search for truth and therefore slow and passive." "There had never been socialism and there never was nationalism in him", writes Borgese. "There was consistently the anarchist. But he finally realized that no anarchist can triumph over the state unless he captures it and becomes himself the state." This hardly explains why Italy accepted Mussolini, especially since he is, according to the author, "weak in mind and character, poor in culture and immensely rich in desire." To make things worse Mussolini is represented as possessed of an irresistible passion for destruction and war. "Violence for the sake of violence was his purpose, and no rationalization of the Ethiopian enterprise would stand the test of reason and fact", writes Borgese, perhaps not very convincingly. Since the Italians are no more bloodthirsty than any other people, this and similar statements fail to provide an explanation of Mussolini's leadership. The confusion is further increased by a final chapter, written probably as an afterthought since it follows the Epilogue, a chapter in which Mussolini is described as the "loud-speaker" of the nation, that is, presumably, the interpreter of the country's will.

The closing sections of the volume deal with recent international developments, the Ethiopian war, the League of Nations, the Spanish civil war. Borgese feels that the war-lust of Mussolini is the great determining factor. He reveals a truly Apocalyptical vision of the impending doom and, not unlike the prophets of the Old Testament, menaces with divine wrath all those who refuse to see the writing on

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the wall. England, of course, is singled out as the chief culprit, one whose blindness spells the ruin of modern civilization. This theory is hardly original and the evidence produced in its support is both slight and controversial.

MICHAEL T. FLORINSKY

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The Third Reich. By HENRI LICHTENBERGER. Translated and edited by Koppel S. Pinson. New York, The Greystone Press, 1937.—xi, 392 pp. $3.00.

The author of this treatise on Nazi-dom was writing on Germany for years before Adolf Hitler was ever heard of. As a Sorbonne scholar who has long been exploiting the rich development of German literature, philosophy and life, he now takes note of the latest phase. In Olympian superiority to enthusiasm or wrath, he surveys certain social phenomena which fill the rest of the world with amazement, some with ecstasy, many with despair. He feels "that the 'eternal Germany' still lives under the brown shirt of Hitlerism as it did under the tinsel of the era of William."

In these days of high-speed political change, surveys must be dated. This volume appeared in France in the spring of 1936, but for this revision there are supplements up to May 1937. The English translation is by Koppel S. Pinson, who however assumes a larger function than the mere accompanying of the virtuoso. In some four-dozen footnotes Pinson brings specific or statistical material to corroborate the text; and here is somewhat less of his author's uncanny calmness, a little of all-too-human viewing with emotion. The editor adds some 70 pages of appendix, which includes not only translations of important statutes, but also certain correspondence of significance to religion and the arts, such as the Pope's Encyclical of March 1937, an exchange of letters between Romain Rolland and the *Koelnische Zeitung,* and an impassioned Munich address (subsequently suppressed) by the poet Ernst Wiechert.

Professor Lichtenberger objectively describes and narrates, rarely evaluates. His unsensationalism goes to a point that almost annoys the reader, whose palate has been prepared by the sharply seasoned fare of Mowrer, Thompson, Schuman, and the periodical press. His treatment of Hitler is also in sharp contrast with that of Heiden, Olden and Ludecke. There is no hint of the notorious intraparty quarrels and intrigues among Hitler's lieutenants. Hitler, we are

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told, "possesses the strong talents of a demagogue and a statesman . . . a popular orator of the first order. . . . a man of iron will and tireless activity. And he possesses also the flair of the born politician, that intuition which permits him to sense the confused aspirations of the crowd, to discern how the wind is blowing and to divine what should and can be done at each particular moment." But on the whole the portrait of the Fuehrer is indistinct; he tends to be reduced to a conventional symbol, like "the Crown" in England, or "the Administration" in Washington. Furthermore, the author deems it to be his duty for the most part to impersonate the régime, to let it say its say, fully and without reserve. For want of the needed half-quotes (or even quarter-quotes) the reader must be constantly on guard, lest he be misled into supposing that Lichtenberger is saying what really Lichtenberger says that Hitler says, or what Lichtenberger says that Hitler says that the others say.

About one third of the work is devoted to a concise, notably judicious outline of the story of National Socialism; why it grew, how it arrived in power, and with what motives and attitudes it now faces the tasks and wields the forces of the unified German state. There is a minimum of governmental description, and still less of prediction. Much indeed of the discourse takes the form of searching and suggestive questions. At times he risks debatable judgments, such as that the "regime had not been established by violence nor imposed by terror." A fair sample of his caution in assertion but willingness to suggest is the remark, anent the Reichstag fire, that "there is a strong suspicion that the Nazis were not altogether strangers to this attempt which gave force to their propaganda in such unhoped for fashion." This is soon followed by the exhortation, regarding the Nazi propaganda which "represented the flaming Reichstag as the signal which was to call to arms all the soldiers of the revolution for the final struggle—let us not hasten to look upon these declarations as invectives which deceived no one and which were laughed at by the initiated." In "mystical exaltation" over national regeneration, the Germans, "far from considering themselves oppressed . . . felt themselves released, liberated from the constraints which had hindered them, free in a word—infinitely more free than they had felt under the so-called regime of democratic liberty through which they had just passed."

There follow six sections treating, with imaginative sympathy and wisdom which tempts to extended quotation, the topics of Foreign Policy, the Myth of Race, Spartanism, the Religious Problem, Agri-

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cultural and Industrial Organization, and The German Economic System, the last-named being mainly an appraisal of the dictatorial economy and finance.

In a final short chapter "A Frenchman Looks at Nazi Germany", and finds it "every day . . . more and more difficult . . . to understand." After France's own Georges Sorel and Europe's Friedrich Nietzsche, it is not so much the theories which shock the Frenchman, but rather the intolerance, terrorism, and racial intransigence in practice; likewise the regimentation of the human spirit, and the dependence of a modern nation's total life on the intuitions of statesmanship of the sacrosanct Fuehrer. "The future, certainly, is not very reassuring. . . . We see a new iron age opening up before us." The Athenian of the Sorbonne sees in Nazi Germany a new Sparta. It is for France not to "count on the immediate dissolution of this new regime", but to "affirm our individuality with vigor, coolness, and moderation."

HENRY R. SPENCER

THE OHIO STATE UNIVERSITY

The Power to Govern. By WALTON H. HAMILTON and DOUGLASS ADAIR. New York, W. W. Norton & Company, 1937. —254 pp. $2.50.

This volume is a significant contribution to contemporary politics. Readers acquainted with the writings of Professor Hamilton will find the book another example of his stimulating, provocative style. It is an analysis of the constitution in order to determine the power of the national authority to pass legislation in behalf of interests other than those of business. It is a genetic inquiry into the constitution as the work of human beings living in an industrial era materially different from that of today. It is therefore concerned with the conditions that generated the formation of the constitution, the dominant economic philosophies of the founding fathers and their successors, the meaning of the concepts and words of the constitution and their evolution by the process of judicial interpretation to suit new interests.

According to the authors, the document was framed by men reared in the traditions of English mercantilism. This held that the state by regulation and direct aid should support business men in their various pursuits, for such exercise of the national power made for national prosperity and the general welfare. The constitution,

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therefore, sets forth the powers essential for the increase of national wealth and strength through the medium of the commercial classes. The authors contend that in the language of the day "commerce" denoted all activities pursued for profit, and the regulation of commerce extended from domestic wages and prices to the maintenance of fleets and armies. Thus the provision that "the Congress shall have Power . . . to regulate Commerce with foreign Nations and among the several States, and with the Indian Tribes" was wide and comprehensive.

However, with the rise of the corporation and large-scale industry, the interference of the state began to be viewed by business men as a nuisance, and the prevailing canon became laissez faire or the elimination of any assertion of national power over the discretionary control of the economic order by business men. But these new economic conditions created an ever-increasing need of the national power, though not altogether in terms of mercantilism. Rather the emphasis was on the interests of the heretofore unrecognized classes of farmers and workers. It reached its high point in New Deal legislation. The mercantilistic aspects were found constitutional; those directly favoring non-business interests were declared unconstitutional by redefining and narrowing the meaning of the concept "commerce". Thus, on the Guffey Coal Act, which attempted to regulate prices and wages in the bituminous coal industry, the court declared that the domain of commerce "must begin with the interstate movement of the goods; it cannot reach back to comprehend 'the employment of men, the fixing of their wages, hours of labor, and working conditions.'" It is the authors' contention that the court might easily once more redefine in its older and broader meaning the word "commerce" and thereby make its decisions fit the new circumstances.

The discussion would have been enriched by concrete cases showing that the early administrations actually carried out the commerce clause in the broad fashion called for by the authors' interpretation. A few matters of detail in the book might be open to a difference of opinion which, however, in no way affect the general genetic argument except to strengthen it. Thus, close students of the history of economic thought might question the sharp separation between mercantilism and laissez faire. It is becoming increasingly difficult to find any radical differences between them either as general categories or as concrete practices. In the realm of American economic thought, there is the acceptance by President Jefferson, spokes-

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man of laissez faire, of the leading policies of Alexander Hamilton, the avowed mercantilist. It is notorious that the questions at issue in recent cases—the fixing of wages and prices—were handled by the founding fathers in much the same manner as does the Supreme Court. Jefferson was aghast at the attempt of the French authorities to set maximum prices to stave off riots on the eve of the French Revolution. Alexander Hamilton blamed the hostility to tariffs partly on injudicious price-fixing during the Revolutionary War. Furthermore, he declared that any attempts through legal action to limit the supply of labor in order to raise wages was a violation of the natural equilibrium, for the welfare of the working classes depends merely on the prosperity of business. *The Power to Govern* is invaluable for the host of important problems it raises, not least of which is the eternal question as to who should have the power to govern.

JOSEPH DORFMAN

COLUMBIA UNIVERSITY

The Commerce Clause: Under Marshall, Taney and Waite. By FELIX FRANKFURTER. Chapel Hill, The University of North Carolina Press, 1937.—114 pp. $1.00.

This series of essays dealing with the commerce clause under Marshall, Taney and Waite will rank among the best of Professor Frankfurter's interpretative writings. At the outset, we present two general impressions associated with statements found in the Introduction. Professor Frankfurter gives the timely warning that "we need to be on the lookout against the traps of retrospective interpretation" (p. 9). It is refreshing to find a contemporary study of the commerce clause that convincingly demonstrates that its author realizes that "Marshall and Taney and Waite lived in their times and not in ours" (p. 10). The present-day reformer looks to the commerce clause as an affirmative instrument for promoting "commerce among the states". The preoccupation of the Marshall, Taney and Waite periods is with the restrictive use of the clause. There is little in this work that smacks of the prophetic. It is a critical piece of analysis and the author does not attempt to catalogue all of the answers to the question, "If Marshall should return to Washington—What?". Unfortunately much of the contemporary literature dealing with the commerce clause is being written by persons who give lip service to "the factual background" and then

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conveniently ignore that background in attempting to apply the doctrine of *stare decisis* and proceed to build their case upon fugitive utterances of the great Chief Justice, selected in vacuo.

In the second place, it was not until after a careful study of this trio of essays that we realized the full significance of another statement in the Introduction to the effect that "living long with opinions, as with other literary forms, conveys accents and nuances which the ear misses on a single reading, and reveals meaning in silences" (p. 9). Here in one hundred pages we find the deft strokes of a master and the penetrating insight of one who has lived his life in the field of public law. It is our recommendation that a second reading will be even more profitable than the first.

Although Marshall served as Chief Justice for thirty-four years, only three cases involving the commerce clause came before him. A vivid and convincing picture is painted of the great Chief Justice as the premier statesman of his time. "Marshall had, as it were, the duty of creation to a greater degree than falls to the lot of even most great judges" (p. 12). "Marshall's boldness was wary. He knew the great art of consolidating a position step by step" (p. 25). "He had too much of an instinct for the practical to attempt rigidities which could not possibly bind the future. He wished to promote the national power, but he left open the choice of doctrine for the attainment of his purpose. And so his views were often tentative and suggestive; they conveyed cross currents of doctrine and purposed ambiguity" (pp. 44-45).

Chief Justice Taney served for a period of twenty-eight years, and in so far as the commerce clause is concerned, perhaps his greatest contribution was to challenge the doctrine that the "dormant" commerce power operated to impose restrictions upon state authority which it was the duty of the Court to define and enforce (p. 50). It is true that *Gibbons v. Ogden* and *Brown v. Maryland* rest on a finding of conflict between Congressional and state statutes. However, Marshall undoubtedly intended these opinions to develop a doctrine of limitations upon state authority implied from the commerce clause. And as to the third Marshall decision, *Willson v. Blackbird Creek Marsh Company,* Taney's analysis destroys the "illusive simplicity of a concession of 'police' power to the states" (p. 51). In the *License Cases* Taney declared "What are the police powers of a state? They are nothing more or less than the powers of government inherent in every sovereignty to the extent of its dominions" (5 Howard 504, 583 [1847]).

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Chief Justice Waite served for a period of eighteen years. "Waite preeminently belongs to the tradition of judicial self restraint" (p. 81). "Three related ideas determined his intellectual procedure in sitting in judgment upon legislation; first, a conscientious deference to the legislature's own judgment of constitutionality; secondly, an alert refusal by the Court to deprive the legislature of its choice of policy; thirdly, recognition that policy, especially in the economic aspects of modern legislation, is largely a function of fact, and therefore, that an appreciation of the facts is indispensable to a judicial judgment upon the validity of the legislative judgment" (pp. 81-82). Waite was thus the precursor of a judicial philosophy which reached its fruition in the decisions and dissents of Mr. Justice Holmes.

FORREST REVERE BLACK

WASHINGTON, D. C.

Competition and Cooperation: A Report of the Sub-Committee on Competitive-Cooperative Habits, of the Committee on Personality and Culture. By MARK A. MAY and LEONARD W. DOOB. Bulletin no. 25. New York, Social Science Research Council, 1937.—viii, 191 pp.

Memorandum on Research in Competition and Cooperation. By Members of the Sub-Committee on Competitive-Cooperative Habits, and Others. New York, Social Science Research Council, 1937.—Paged by sections—389 pp.

The *Report* and *Memorandum* are the partial result of seven years of active interest which several committees of the Council have devoted to "Personality and Culture". The Sub-Committee on Competitive-Cooperative Habits, with its research staff, set out "(1) to make a critical survey of scientific studies dealing with problems where competitive and cooperative behavior of human beings was recorded and analyzed; (2) to outline the existing frontiers of knowledge concerning these types of behavior; and (3) to formulate a list of research problems and to indicate needed research projects to fill in the gap and extend the frontier" (*Memorandum,* p. 2). In pursuing these objectives the Committee's work is in bold contrast with the confused thinking, shoddy research, and frothy literature which have thus far characterized much of this field.

The Committee's staff abstracted hundreds of articles and books

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from which there were culled several hundred references to those sources found most helpful.

A theory of competition and coöperation is constructed as a "kind of chart and compass." Each personality encompasses "two distinct psychological levels"—a "level of attainment or achievement" and a "level of aspiration." Motivation is a function of the discrepancies existing between these levels. In competing or coöperating with others to close the gap between his level of attainment and his level of aspiration the individual may seek either "objects" or "prestige", or both (*Report,* pp. 8–10).

After posing the question of whether the individual will seek to close this gap by coöperative or competitive activities, or a combination of both, the Committee examines the "experimental", "sociological", "anthropological", and "life history" aproaches to the problem. From the available material a score of tentative propositions are derived as proposed bases for further research. Illustrative hypotheses are that coöperation and competition are "learned forms of behavior" (*Report,* p. 23); that American public school training induces relatively more response to competitive than to coöperative situations (*Report,* p. 38); that "every important aspect of social life" affects the "role of competition and cooperation within a culture" (*Report,* p. 89); that the goals of coöperative or competitive activity—material objects and social prestige—are in all cultures interrelated (*Report,* p. 96); that "if these goals are scarce, the form of behavior is usually (but not always) competitive whereas, if they are abundant, the form of behavior is usually (but not always) cooperative" (*Report,* p. 96); that, with individual exceptions, the pattern of the coöperative or competitive behavior is a function of the culture (*Report,* pp. 100–105); that "the educational system of a culture transmits the general social forms of competitive and cooperative behavior" (*Report,* p. 108); that in a culture that is moving from a competitive to a coöperative economy, "the rate of change is a function of the speed with which the re-socialization of the adult generation and the new socialization of the young generation can take place" (*Report,* p. 125); that "the life history of an individual reveals how the biological equipment of the individual is modified by the culture into social behavior, certain forms of which are cooperation and competition" (*Report,* p. 127); and that in transmitting this culture the family group plays a "unique and important role" (*Report,* p. 129).

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Around these hypotheses the Committee formulates some sixty problems upon which fruitful results of further research are to be expected. The projects of most immediate importance fall within the following four areas: the extent to which coöperative and competitive habits and attitudes can be transferred to individuals; case studies to determine "the roots of cooperative and competitive conduct, and the course of its development in the individual, especially during childhood"; more thorough studies of coöperative communities; studies to determine the conditions necessary to the successful functioning of coöperative groups of various types (*Memorandum,* pp. 44–45).

The high point of the study is the emphasis it places upon the institutional determinants of the individuals' coöperative and competitive activities. It should dispose finally of all lingering assumptions that the basic or instinctive urges within the individual are predominantly of either a competitive or coöperative nature.

WILLIAM N. LOUCKS

UNIVERSITY OF PENNSYLVANIA

Money, Prices, and Wages in Valencia, Aragon, and Navarre, 1351-1500. By EARL J. HAMILTON. Cambridge, Harvard University Press, 1936.—xxviii, 310 pp. $4.50.

This is the most notable volume extant on prices and wages in the Middle Ages for any country, the second of three volumes (the third being now in preparation) by the same author on Spanish prices. The present volume is confined to three kingdoms owing to the author's inability to find proper material for Castile and Catalonia, but in view of Dr. Hamilton's thorough methods one readily conjectures that if he did not find it none such exists, just as one accepts his belief that the close economic relations of Catalonia with Aragon and Valencia would present a similar picture for that kingdom. The author's industry and acumen in pursuing his researches through all of the existing archives of every locality are very striking, affording high credit to him and to the International Scientific Committee on Price History which enabled him by financial aid to perform his task. When the third volume brings the investigation down to 1800 we shall have a nearly complete story of wages and prices in the Spanish peninsula for over four centuries, a remarkable contribution to economic history. Indeed the two volumes already published can be so described.

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Each kingdom is treated separately with three chapters for each, one on money by way of introduction, a second on prices, and a third on wages. The three chapters on money are excellent, and perhaps no one who has not struggled with the problem of medieval coinages can fully appreciate the author's skill and clarity in the treatment of this confusing subject. The second and third chapters in each section are of course more important; they include many tables and charts graphically presenting the results of the figures gathered in the investigation, with explanatory analytical comments at great length which are adequate and enlightening. In a concluding chapter the author brings together the index numbers for the three kingdoms and presents his interesting conclusions. There follow thirteen appendices offering statistics of coinage in the various mints, amazingly complete tables of commodity prices often for as many as seventy commodities, index numbers of agricultural and non-agricultural prices, salaries, wages, etc. The author assigns to Mrs. Hamilton the credit for the tabulations and charts, by no means the least remarkable feature of the volume.

Professor Hamilton draws some important conclusions. Although prices were definitely affected by the increase of gold from central Europe in the second half of the fourteenth century, by the expansion of commerce with the gold-producing regions of northwestern Africa, and by the development of industries capable of reversing the unfavorable balance of trade with the Levant, "there is no evidence that the rapid augmentation of the monetary stock of silver in the closing decades of the Middle Ages caused the Price Revolution of the sixteenth century to take root in any country before the dawn of modern times." He furthermore concludes that despite a great deal of governmental interference with the play of economic forces impinging upon prices, "the fairly close agreement among the price trends in the three kingdoms, with independent regulating bodies, suggests that the control failed to govern the course of prices in any region"; that "legal control in an effort to realize the medieval ideal of a just price did not stereotype prices in the last two centuries of the Middle Ages"; there is "reason to doubt that prices were more sluggish in the fifteenth century than in the nineteenth." Certain of his conclusions when supported by such a mass of evidence are pertinent to our own age. The book will be of great significance to economists and historians alike.

EUGENE H. BYRNE

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Peace or War: The American Struggle, 1636-1936. By MERLE CURTI. New York, W. W. Norton & Company, 1936.—374 pp. $3.00.

The main title of this volume is a misleading one. The book is not an account of how past generations of Americans have decided the question of peace or war. Nor is it a discussion of the factors involved in such a decision for America or the world today. It is rather a record of the various attitudes of mind which have worked for peace in the United States and of the various organizations which have from time to time sought to make the will to peace effective. This is task enough, to be sure, and Professor Curti has written not only the first comprehensive treatment of the organized movement against war in this country but an account which avoids nicely an impartial and scholarly but forbidding dullness on the one hand and an out-and-out propagandist appeal on the other. Always sympathetic with the peace movement, he describes but never becomes the unbalanced protagonist. It is a scholarly work in the best sense of the term, based on sources unobtrusively listed in the notes, and if it fails to be scintillating or exciting it is largely because the slow campaign of education for peace is never as thrilling as dissension and war. It is usually difficult to make the "moral equivalents" of William James appear as satisfying substitutes for a good fight.

The earlier period is disposed of in short order, for hardly one fifth of the book is devoted to years from 1636 to 1861. The remaining four fifths carry the story through the bitter days of the Civil War, the unhappy record of Indian troubles in the West, the losing struggle of the peace societies against the propaganda for war with Spain, the amazing heralding of the millennium in those days of delusion before 1914, and finally the sad account of the years since the World War—those years which have witnessed the blasting of so many peace-lovers' hopes.

The story is not an encouraging one. The reader comes to feel with Professor Curti that the efforts of the peace societies have been "mere chips and foam on the surface of the stream of American life" (p. 262). From the early organization of the Massachusetts Peace Society in 1815 down to contemporary activity one is led also to agree that the advocates of peace have on the whole been too blind to economic factors. Professor Curti himself seems to regard a fundamental change in the present social and economic order as an essential to any real progress toward peace since, as he has phrased

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it, "war has been functional to the capitalistic system itself" (p. 308). This bias—and it will be viewed as such by many active in the cause of peace—is apparent in the last few chapters.

In the matter of the distribution of space some topics seem to have shared beyond their desert, as in the case of the Ford Peace Ship. There are, on the other hand, topics which seem to have been treated in relatively too brief a compass. Notable among these is the whole topic of the League of Nations and the struggle for its acceptance by the United States. But these are small matters. The book is, after all, an intelligent and thorough study which should be read by all real friends of peace.

ALLEN R. FOLEY

DARTMOUTH COLLEGE

The Tragic Fallacy: A Study of America's War Policies. By MAURITZ A. HALLGREN. New York and London, Alfred A. Knopf, 1937.—viii, 474, xiv pp. $4.00.

Mr. Hallgren roams over a good deal of territory in his analysis of "America's war policies": the failure of our high army officers to profit by the lessons of the World War (here he is a disciple of Captain Liddell Hart); the triumph of the "navalism" preached years ago by "the incendiary Mahan"; the partial success and eventual failure of naval limitation; the power of the president to carry the country into war almost at will; the futility and essential hollowness of the peace movement in the United States, before and since the World War; the necessary clash of rival imperialisms in a capitalist economy; and the preparations now on foot for the next war, including the selection of an enemy ("Japan the Chosen Foe?") and plans for a thoroughgoing wartime dictatorship. The foregoing are the themes treated in order in the seven parts into which the book is divided. The arrangement may seem somewhat chaotic; nevertheless, the reader is never in danger of forgetting Mr. Hallgren's main thesis; namely, that military and naval preparations in this country since 1919 have been designed not for the relatively simple task of defending the continental area of the United States against invasion, but with an eye to waging war abroad. Thus, it is maintained, all naval preparations point to a war in the western Pacific. The precise objective of the generals is less clear than that of the admirals, but the "expansible" army which forms the basis of our military policy—an army of skeleton divisions to be filled out

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with conscripts—seems plainly designed for another war overseas rather than for continental defense. This main thesis seems well established, in part by the very nature of our military and naval forces and their disposition; in part by the testimony of army and navy officers before committees of Congress, the hearings of which Mr. Hallgren has diligently examined. The "tragic fallacy", apparently (some fallacy is exposed in nearly every chapter), is the false doctrine that the true interests of the American people require war or preparations for war for the protection of trade or other imperialistic interests abroad. Our true policy, Mr. Hallgren thinks, would be such modest military and naval preparation as would render our continental area impregnable against attack. His conclusions on this point are very much in line with those of the recent work of Charles A. Beard.

It is not difficult to find flaws in Mr. Hallgren's book. There is, in the reviewer's opinion, too much disregard of social forces other than economic, as in the interpretation of our entry into the World War. There is in places a tone of moral indignation which seems hardly compatible with the economic interpretation of history which the author has adopted. Such faults, however, in no sense invalidate the book's principal thesis or its warning.

JULIUS W. PRATT

UNIVERSITY OF BUFFALO

A History of the United States Since the Civil War. By ELLIS PAXSON OBERHOLTZER. Volume V: *1888-1901*. New York, The Macmillan Company, 1937.—xii, 791 pp. $4.50.

The publication of this volume concludes the work of the late Ellis Paxson Oberholtzer. Even had his life been prolonged he would not have brought the story any nearer the present. These were his reasons: "Treatment of recent events is an unhistorical exercise. Such a narrative, in the best case, must be, in a degree, polemical on the side of the author, or, if it be not so, it must seem to have this quality in the view of the reader who, having lived through the period, knows it from his own standpoint and is ready to dispute opinion, if it be uttered, the appraisal of personalities and even plain facts" (p. v).

To most historians it will seem that all Mr. Oberholtzer's previous volumes in this series were in some measure polemical; certainly polemics characterize this volume. The word Mugwump comes very

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near to a description of Mr. Oberholtzer's attitude. If this be so, a brief statement of the ideals of the loosely coherent group to whom the term was applied four or five decades ago will make manifest the viewpoint from which these volumes were written.

The Mugwumps stemmed from the Liberal Republican Movement of 1872. Their antecedents were abolitionist, unionist and aristocratic in the better sense. They had gloried in the young Republican Party as the party of respectability, righteousness and great moral ideas. By 1872, however, candor compelled them to admit that the Civil War and Radical Reconstruction had succeeded in enthroning ignorance and corruption in the South and concurrently had made the Republican Party in the North the agent of a vulgar and rapacious *nouveaux riche*. Its leadership was characterized by intellectual dishonesty and even downright knavery. Hence Liberal Republicanism. But the nomination of Greeley by the disgruntled practical politicians who seized control of the new party's convention chilled the ardor of the respectable gentlemen for the infant at the moment of its "borning".

Henceforth for a quarter of a century the Mugwumps, as their critics presently dubbed them, attempted no separatist movement but, by independency, strove to influence one or the other of the old parties to espouse the cause if not of righteousness at least of a modicum of reform. Civil service and tariff reform stood at the top of their list. They opposed the reopening of the Southern question, believing that as between carpetbaggerism and Bourbonism the latter was the lesser evil. Meanwhile they encouraged the "New South" movement of the Gradys, the Currys and the Lamars. They inclined toward pacifism; deploring the growing spirit of imperialism in the last campaign in which they figured as a group (1900), some of them went so far as to vote for Bryan, despite their abhorence of his monetary heresies. For throughout the 80's and 90's they had been sound money men. To them the agrarian and generally the labor leaders also were either ignorant, albeit zealous, crackpots or dishonest demagogues. In either case the rank and file of farmers and workers were "misguided" by such leaders who maximized their grievances for selfish purposes. When the Mugwumps admitted any grievances, they insisted they would be redressed by maintaining sound money, lowering the tariff, and placing government, national, state and local, in the hands of honest and economical legislators and administrators. Despite some vulgar and even wicked capitalists, the capitalistic system was fundamentally sound and

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should not be tinkered with by such cranks as Weaver, Altgeld and Bryan, to say nothing of such dangerous radicals as Most, DeLeon and Debs.

Of all the public men of the period Grover Cleveland came nearest to the Mugwumps' ideal of what a statesman should be. They applauded his stand on the tariff, his sound money policy even to his deal with the Morgan syndicate, his unyielding attitude toward the Western and Southern agrarians in and out of his party, his use of troops to break strikes and, with some exceptions, his efforts for civil service reform. Although his bellicosity toward Great Britain over the Venezuela boundary astounded and mortified them, it did not lead to war, and he was forgiven; the more so in view of his generally anti-imperialistic policy and his opposition to the annexation of Hawaii in particular.

It is in the spirit of such eminent Mugwumps as Schurz, Godkin and Curtis that Mr. Oberholtzer wrote. He did not try to conceal his likes and dislikes. He, like his prototypes, displayed but little understanding of the great social and economic forces which have so transformed our problems as to render the Mugwump ideal inadequate even as an approach to their solution. Nevertheless, within its limitations, that ideal was sincere and patriotic and deserves preservation. The men who cherished it were vastly superior to most of their contemporaries who gained greater temporary notoriety. They are fortunate to have their view of the period in which they flourished recorded by so competent and sympathetic an historian as was Ellis Paxson Oberholtzer.

B. B. KENDRICK

THE WOMAN'S COLLEGE OF
THE UNIVERSITY OF NORTH CAROLINA

France To-day and the People's Front. By MAURICE THOREZ. Translated by Emile Burns. New York, International Publishers, 1936.—255 pp. $1.75.

This short book by the secretary of the French Communist Party falls naturally into three parts. The first is statistical, the second historical, and the third rhetorical. Since it was written before the elections of May 1936 had returned the Popular Front to power, it represents not so much the views of a party entrusted with responsibility as the grounds upon which the French communists have in the past based their political attacks.

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The author's first section, describing with a good deal of verve and a command of the facts the state of the underprivileged classes in France, is the most valuable portion of the book. He demonstrates how the Bank of France and other agencies of economic control are managed by relatively few families that have been in the position of inconspicuous masters for a century or more. The use to which the world depression has been put by the rulers of France's economic policies convinces the author that disaster lies ahead unless they are deprived of their autocratic power. The reorganization of the Bank of France by Premier Blum has certainly borne out the validity both of the critique and of the remedy. Where one must disagree with Thorez is in the fairly frequent ascription of motives for particular capitalist policies. It is one thing to show that a given régime fails to take care of certain classes of persons; it is quite another to suppose that malignity—even when ascribed to class mentality—actuates the doers of the "evil". Indeed, this type of thinking vitiates would-be Marxian analysis, which shows capitalist behavior as a necessary consequence of capitalist organization, and Thorez would be the first to denounce as hypocritical or futile any sudden fit of benevolence on the part of an individual French financier.

In the last hundred pages of Thorez's book, the pretense at analysis is dropped and a kind of manifesto is flaunted in the face both of fascists and of socialists. The feeling that the latter are scarcely better fellows than the former is quite discernible, and the interpretation of the three-cornered relation among fascists, communists and the police is the same that has been puzzling foreign readers of French news ever since the February riots: the fascists demonstrate against the government, maim or kill the police and suffer losses; the next day youths of the left-wing movements parade and clash with the police also, and in that way right the balance upset by "fascist violence". There are of course direct clashes between Left and Right, and the police occasionally sympathize with the Left, but the issues (as recently at Clichy) remain as unclear as the methods of combat are indirect. On this point, the absurdities of Lacretelle in *Qui Est de la Rocque?* are no more irrelevant than the bravura of Thorez, whose economic and historical analysis of France today is so much more factual and so much more comprehensive. A good book that stops short of being entirely useful is the judgment that the open-minded reader will therefore be compelled to pass upon this timely publication.

JACQUES M. BARZUN

COLUMBIA UNIVERSITY

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The United States and The Republic of Panama. By WILLIAM D. MCCAIN. Durham, Duke University Press, 1937.—xv, 278 pp. $3.00.

Dr. McCain's study is particularly appropriate in view of the action now pending in the Senate Foreign Relations Committee on the administration's proposed revision of the Hay-Bunau-Varilla Treaty. For more than thirty-three years this treaty has provided the basis for our occupation and use of the Canal Zone. The ambiguous phrasing of several of its articles, however, has given rise to controversies between the two nations which have left many Isthmians bitter and humiliated. Their bitterness springs from what they consider to be repeated and arbitrary extensions of North American authority both within and without the Canal Zone to the detriment of their national prestige and free economic development. Their humiliation arises from acute consciousness of the helplessness of their "sovereign" government to do more than petition the United States for a change of policy. During the past third of a century Panama has enjoyed relative prosperity in comparison with its previous four hundred years of turbulence and misery, but its political and business leaders will remain discontented as long as the republic must mould its growth to conform with treaty interpretations imposed without negotiation by State Department officials in Washington.

The issues involved in treaty interpretation, as Dr. McCain shows, have been the most persistent subject of diplomatic correspondence between the two governments. The Panamanians were not long in discovering "that John Hay and Philippe Bunau-Varilla had foisted upon them an exceedingly unsatisfactory treaty." They were the victims of a pact signed by "an American who knew little of their interests and needs and by a Frenchman who probably cared less." Since that time they have been trying to salvage what they can of their sovereignty over the Canal Zone. Their diplomats have generally taken the position that Panama retains control over all matters not specifically surrendered to the United States. They have therefore protested such acts of the latter as the establishment of customs houses, ports of entry and public commissaries as being unnecessary for the building, operation and defense of the canal. The Washington government has insisted that it possesses by Article III full sovereign rights within the Zone exactly as if it were part of the territory of the United States. The outcome of these diplomatic skirmishes "seems to have been that the United States has exercised sovereign authority and Panama has retained 'titular' sovereignty."

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Further friction has been caused by the measures adopted by the United States to insure the protection of the canal. These have included the expropriation of considerable areas beyond the original limits of the Zone without compensation to Panama, the close supervision by the War and Navy departments of aviation, wireless operation and railroad and highway construction in all parts of the republic.

Dr. McCain has made thorough use of such source materials as have been available to him. These do not include the manuscript correspondence in the Panama archives or our Department of State manuscript collections after August 1906. With a few minor exceptions the work is well organized and constitutes an able treatment of a singularly neglected aspect of our foreign relations.

DWIGHT C. MINER

COLUMBIA UNIVERSITY

A History of the Press and Public Opinion in China. By LIN YUTANG. Chicago, The University of Chicago Press; Shanghai, Kelly & Walsh, 1936.—179 pp. $2.00.

Lin Yutang is an appropriate author of a study of the press and the formation of public opinion in China. He himself is a journalist and it is as a journalist that he is best known in China. He has enjoyed a wide vogue among the younger intellectuals of his land and has done much to stimulate and mold their thought.

The present little book does not attempt a complete history of its subject. That would be asking too much of a volume less than two hundred pages in length. The author begins with a few notes on the fashion in which public opinion was expressed in the formative centuries before the Han dynasty. These are useful hints but are apparently not meant to be even a well-rounded outline. Nothing is said, for instance, of those debates between scholars which were one of the outstanding features of the era or of the part which schools of thought embodying various theories of political and social science had in shaping the policies of the many states into which the China of that time was divided. Then comes a brief chapter on the Han dynasty and a still shorter one on events which bear on the theme in two of the shorter dynasties which followed the Han. Nothing is said of most of the dynasties in the four centuries between the Han and the T'ang, nor, except for brief mention in the introduction, of the very important T'ang dynasty itself. The succeeding major dynasties—except the Yüan—are briefly covered, although with but little on the Ch'ing.

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To the average intelligent American reader, unfamiliar as he usually is with China and its history, this first half of the book will prove illuminating. It makes apparent the tradition which lies back of the student demonstrations of late years. For centuries scholars and scholars-in-preparation have concerned themselves with affairs of state and have made their opinions known to the authorities. There has been a public opinion in China and it has expressed itself through recognized channels. The author makes some interesting comments on the difference between the instruments of public opinion in China and in the West and obviously believes that the parliamentary institutions of the Occident possess certain advantages.

The second half of the book deals with the modern period, principally with the twentieth century. For much of his material in the earlier portions of this section the author frankly admits his indebtedness to Ko Kung-chen's *Chung-quo-pao-hsüeh-shih* (*History of Chinese Journalism*) and Professor Britton's *The Chinese Periodical Press, 1800-1912*.

It is in two chapters on "Present-Day Journalism" and "Contemporary Periodical Literature" that the author makes his most important contribution. Here he writes of what he knows from first-hand experience. His comments on newspapers, journals, and the use of the vernacular are pungent and full of positive if necessarily controversial opinion. In a concluding chapter on censorship we hear from one who has obviously long felt keenly the restrictions under which he and his fellow journalists have had to labor and who enjoys this opportunity to speak with force and vigor on what he believes to be senseless and harmful abridgments of free discussion.

Within its scope, which is that of a suggestive introduction, the book is excellent.

K. S. LATOURETTE

YALE UNIVERSITY

A Diplomatic History of the Balkan Crisis of 1875-1878: The First Year. By DAVID HARRIS. Stanford University, Stanford University Press; London, Humphrey Milford, Oxford University Press, 1936.—viii, 474 pp. $4.00.

The Balkan crisis of 1875-1878 has recently been treated in related but very different works by Seton-Watson and Wirthwein. A new study, and one devoted entirely to the crisis from the outbreak of the revolt to the Reichstadt agreement of July 1876, might seem to

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have little point. Yet Professor Harris' detailed account, based on the British and Austrian archives as well as on the great accumulation of published material, is very much worth while. With the larger canvas at his disposal the author has reproduced in life-like detail not only the major diplomatic moves, but even passing intentions, shifts in motivation and perspective in the various cabinets at each successive moment of decision. In coherence and inclusiveness this study surpasses any other for the period. In the first year of the crisis it shows the working of the distinctive features of the period—the growth of Austro-Russian competition, Bismarck's gradual shift to Austria's side, and the incalculable course of Disraeli's policy.

New light has been thrown on the first action of the Emperors' League in August 1875 (pp. 76-77), on the Austro-Russian negotiations preceding the Andrássy note (pp. 148-154), on Ignatiev's intrigues against acceptance of the note by the Porte (p. 213), and on the growing Austro-Russian divergence over the insurgents' conditions of April 1876 (pp. 261-264). The account of the Berlin conferences in May 1876 (pp. 291-299) revises completely Wertheimer's treatment; but surely it is an exaggeration to assert that Andrássy decided only at this point to secure Bosnia-Herzegovina for Austria! The Vienna conference of January 1875 (Ninčić, *La crise bosniaque et les puissances européennes,* vol. I, pp. 17-19) shows that Andrássy had already at that time overcome his reluctance to take the two provinces and parted company with the military leaders only in his willingness to divide the Novi Bazar Sanjak between Serbia and Montenegro. The later controversy between Gorchakov and Andrássy over the limits assigned to Austrian expansion at Reichstadt is explained convincingly (pp. 433-438). Harris outdoes Seton-Watson in his indignation at Disraeli's rejection of the Berlin Memorandum; he has brought to light Bismarck's appeal to Disraeli to preserve Austro-Russian coöperation, hence peace (pp. 316-317 and Appendix B). The Austrian archives show how Andrássy blocked the Russian attempt in June to secure British backing for the autonomy solution (p. 364). The account of Disraeli's icy rejection of Decazes' proffered mediation and of the French suggestion to Andrássy about taking Bosnia (pp. 343-345, 414-415) indicates once again the extraordinary gaps to be found in the *Documents diplomatiques français!*

In such a painstaking and uniformly excellent study it is a pity that the author did not go directly to Serbian publications, such as V. Popović, *Politika Francuske i Austrije na Balkanu u vreme Napo-*

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leona III, Ristić, Diplomatska Istorija Srbije, 1875-1878, and Gruić, *Zapisi,* instead of relying on articles drawn in part from them. The technical presentation is of a high grade; however, "Thiers" is plainly a misprint for "MacMahon" (p. 173, l. 1).

PHILIP E. MOSELY

CORNELL UNIVERSITY

Mustapha Kémal, Dictateur. By PHILLIPPE DE ZARA. Paris, Fernand Sorlot, 1936.—370 pp. 25 fr.

Revolutionary Turkey. By H. MALIK EVRENOL. Ankara and Istanbul, Librairie Hachette, 1936.—vi, 148 pp. $1.50; 20 fr.

L'Ultra-Popularisme: Philosophie moderne de Kamâl Atatürk. By DJAFER TAYYAR. Paris, Librairie Orientaliste Paul Geuthner, 1935.—112 pp. 15 fr.

The transformation of Turkey under the leadership of Mustapha Kemal has attracted the attention of historians and political scientists. The number of books devoted to the subject is very large and only a few of them show us a new side of the process or enlarge our understanding by a new interpretation of well-known facts. The book by M. de Zara gives us a vivid sketch of Turkish history from 1908 to 1930. It is well written but it does not reveal any new facts. The two other books are much shorter and less well written but they are more interesting because they are written by Turks themselves and afford an interesting insight into the mentality of the now dominating Turkish generation. Mr. Evrenol is a Turk educated in Columbia College. The chapters of his book give a faithful picture of the official view of the Turkish government. Most interesting for the foreign reader will be the first chapter on the origin of the Turkish race and the fifth chapter on literature and art. According to the official theory the far-off ancestors of the present Turks, called the Old Turks, were the first human beings to use lumber and minerals and to do agricultural work. From Central Asia where they lived they emigrated in search of better land to China, to India, to Asia Minor, to North Africa and to Europe several thousand years before Christ. Over the Ural mountains they penetrated into Europe and south of the Caucasus they reached Mesopotamia and Egypt where they brought the seeds of civilization. Thus we may say that everywhere the beginning of civilization, of farming and of trades originated with the arrival of the Turks. In Anatolia as far back as 4000 B. C. the Old Turks created the Hittite civilization. Thus the

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modern Turks can claim a very honorable ancestry, nay in reality they are the rightful heirs of the founders of all human civilization who have spread it by their migrations from China to Europe.

Dr. Tayyar, a Turkish physician, writes a book in French in which he tries to give a "philosophical study and a psychological analysis of the origins of the philosophy of Mustapha Kemal", of the present Turkish civilization, and of the emancipation of the Turkish woman. According to him the new civilized Turkey is not the heir of the decadent Ottoman Empire but of the ancient and great Turkish people, the Hittites. Mustapha Kemal's régime is based upon a philosophical attitude which Dr. Tayyar thinks is entirely original. Its basis, it is true, is to be found in French democracy, but Kemal is supposed to have entirely changed its physiognomy by introducing a new method of rapid social evolution. In an interesting way Dr. Tayyar shows that Kemal has accepted the rational and humanitarian basis of modern French civilization, the idea of progress, of democracy and of science. The philosophy of Kemalism is a positivist and, as the author calls it, ultra-popularist philosophy.

Dr. Tayyar's essay is especially interesting for the reason that some superficial observers have called Kemalism a kind of fascism. On the contrary, Mustapha Kemal believes in reason, enlightenment, progress, science, the emancipation of women, the equality of sexes, citizens and races, in all the idols of nineteenth-century liberalism. He believes in parliamentarism and takes great pains to preserve all the forms of parliamentary life and to educate the Turkish people to parliamentary democracy. Kemal wishes to bring to the Turks modern civilization and his efforts will help to answer the interesting question, how far it is possible for a backward people to adapt itself in a very short time to the standards of modern civilization and catch up in a few decades with the development which in other countries took the same number of centuries.

HANS KOHN

SMITH COLLEGE

The American College and University: A Human Fellowship. By CHARLES FRANKLIN THWING. New York, The Macmillan Company, 1935.—244 pp. $2.25.

The contributions of the late President Thwing to the description and interpretation of the American college have been known and recognized for many years. This volume is one of the most personal of the long list and emphasizes his conviction that the American college is first and foremost a human fellowship.

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This point of view is in the foreground in each chapter, whether it relates to the students, the faculty, the library, the financial management of the institution or the office of the president. Nowhere does the author either take up the cudgels for any needed reforms or allow his writing to degenerate into a hymn of praise for the institution with which he was connected for so many years. Indeed it is refreshing to read a book on educational matters which is neither a bitter diatribe against many of the ideas and traditions that some of us hold dear nor a "Hallelujah Chorus" for things as they are. Too many of our recent books have gone to one extreme or the other. This work of Dr. Thwing's is mellow, carefully descriptive, never extreme, and always emphasizing the human factor in education.

It is true that the author does not treat any of the techniques that have developed during the past twenty years for discovering and evaluating the human elements that he regards so highly. Nothing of the current methods of determining or of recording data regarding the interests, the ability, the temperament of young men and women is included; nor is there anything of the present-day development of so-called personal work, and the many and baffling questions that arise in connection with this aspect of the modern college. In fact the book, valuable as it may be as a picture of the college of twenty years ago, and delightful as its leisurely descriptions of that kind of institution may be, contributes little to the solution of the questions that face the teacher and the administrator in the college of today. Perhaps the nearest approach to such a contribution is contained in the author's analysis of the relation between trustees and faculty, and the definition of the meaning of "academic freedom". But this topic has been the subject of so much controversy that most of us have already developed a fairly definite attitude toward it.

One cannot fail to note that, in the contemplative style which is adopted in this volume, many facts are stated and sometimes emphasized which seem almost self-evident. For example, in discussing the library, it is maintained that the "location should be one favorable to quietness, to light, and to freedom from dirt." All of us would agree with this statement, in fact it seems rather obvious. There is a tendency throughout the book to state undoubted facts which, when faced in cold type, seem rather trite. But notwithstanding this tendency, the book gives as clear a picture of the American college of the first decades of the twentieth century as one is likely to find.

HERBERT E. HAWKES

COLUMBIA COLLEGE

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BOOK NOTES

Professor Karl Mannheim, lately of the University of Frankfurt-am-Main, is to be added to the group of scholars—Merriam, Thurstone, Lasswell and Childs in America, Rueff in France, Sargant Florence in Britain—who demand that political science shall again be taken seriously as it was by Hobbes and Hume, Bentham and Seeley. "The question, whether a science of politics is possible and whether it can be taught, must, if we summarize all that we have said thus far, be answered in the affirmative." It is not, as Professor Mannheim rightly says, a so-called science of norms—a phrase that is *contradictio in adjecto.* Why then has it remained immature, although its nursing father was Aristotle? Professor Mannheim's answer is that, after first being left in the hands of power-groups whose interest was to suffocate the infant study lest it arise and accuse them, it then passed into the hands of those who exposed the old foster parents, but, in turn, denied that any objectivity in social science was possible. This is the attitude, taken by the Marxists and specifically by Laski in his criticism of Rueff. Professor Mannheim suggests, in his *Ideology and Utopia* (Translated by Louis Wirth and E. Shils. London, Kegan Paul, Trench, Trubner & Co., Ltd., 1936; 318 pp. 15s.), a route out of this impasse of the rival ideologies and utopias through a sociology of knowledge which admits and describes the bias of the various groups and classes—a bias not arbitrary but environmentally determined—and which, through description, hopes to define and transcend this bias. In so far as the incipient political science of Machiavelli and Hobbes, Spinoza and Bentham (not to speak of Marx) contains a group, racial or class bias, of which they themselves were unaware (and it should be added that none of these writers, save Marx, was a particularly successful partisan), then Professor Mannheim's method offers prospects of significant advance. About the method of this advance one hopes to hear more. It is much that some scholar, some *clerc,* has the courage, in an age of increasing politico-theological fury, to set up again the standards of objective truth. Such a truth, as Dr. Mannheim says, need not be transcendental; its apperception is rather a matter of striving by detached or corrected methods of precision to comprehend what Pareto calls the actual manner of the working of things in social life.—GEORGE CATLIN, London.

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The study, *English Constitutional Ideas in the Fifteenth Century,* by S. B. Chrimes (Cambridge, at the University Press; New York, The Macmillan Co., 1936; xx, 415 pp. $6.00), was inspired by an essay on the Lancastrian constitution which Professor Plucknett contributed to the volume entitled *Tudor Studies* presented to Professor Pollard and published in 1924. In that essay evidence was given to support the view that the modernity which had been ascribed to the Lancastrian constitution is illusory, the result of a reading back to the fifteenth century of constitutional ideas of later times. Dr. Chrimes's object was not, indeed, to show *explicitly* that the fifteenth-century constitution was not modern in spirit, but to examine it "as it actually was, leaving shibboleths and anachronisms aside", content to take his stand with the late Professor Tout "when he repudiated the aim of seeking in the middle ages what seems important to ourselves, not what was important to them." He deals with his subject in four chapters entitled, respectively, "The Estate of King", "The Nature of Parliament", "Statutory Law and Judicial Discretion" and "The Theory of the State". Each chapter includes a number of excursuses, and an appendix contains extracts from the hundred-odd Year Book cases cited in the text. In a brief Conclusion on "The 'Spirit' of the Constitution" the author undertakes to give an account of the constitution "in the form in which an observer at the end of the fifteenth century *could* have given it *if* he had tried." Such an observer would have described a medieval constitution. He would not have examined it for the purpose of detecting foreshadowings and germs of the Victorian constitution. Neither does Dr. Chrimes, who is to be congratulated on having produced a work of sound historical scholarship and enduring value.—R. L. SCHUYLER.

The tax imposed by the Federal Revenue Act of 1936 on the undistributed profits of corporations is described and evaluated by Professor Alfred G. Buehler in *The Undistributed Profits Tax* (New York and London, McGraw-Hill Book Company, 1937; ix, 281 pp. $2.75). The volume is "the outgrowth of a study of the corporation income tax", begun before President Roosevelt proposed the undistributed profits tax, and "is not intended to be an exhaustive study of this tax." After summarizing previous proposals to tax undistributed profits, the author describes the progress of the President's proposal and gives in some detail the provisions of the tax as enacted, and information on similar foreign taxes. These opening chapters present much information previously overlooked or not

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readily available. (Some readers, however, may not understand what the author means to convey when he says that "The English income tax, as it is applied to corporations, is essentially a tax on undistributed profits" [p. 53].) The succeeding chapters deal with the major issues argued at the time the tax was passed—the size and desirability of corporate savings, the relative treatment of large and small corporations and incorporated and unincorporated enterprises, financing and dividend policies, "economic stabilization", and fiscal possibilities. These chapters are of special value in the restraint with which they handle the more controversial issues of economic policy. They are also useful in the variety of issues they present, since no reader is apt to leave them without a realization of the complexity of the problem. Even so, however, they omit some important points. For example, the relation of the taxation of capital gains to the treatment of undistributed profits is explained only briefly; no description is given of the loopholes at death and upon gift, the loss of interest on tax postponed, and the tax inequalities possible because of changes from year to year in the taxpayer's other income and in tax rates. Similarly, some of the alternatives are presented in an incomplete manner that may confuse the casual reader. Thus, when the possibility of exempting undistributed profits of unincorporated enterprises is noted, nothing is said of the inequality this would create unless all income invested in business enterprise, including income derived from salaries, were exempted. Again, the discussion of relative justice as between corporations and unincorporated enterprises, which contains several acute observations on the realities of the situation, does not consider the probability that escape or postponement of surtaxes by wealthy corporate investors necessitates a higher tax rate to raise the needed revenue, and hence creates an unjust burden even on the smallest unincorporated enterprises. Moreover, the reader will have to remember throughout the discussion that much of the argument is necessarily directed at the corporation tax structure created by the 1936 act and not at the general idea of undistributed profits taxation. As it stands, the tax is too light to force out all earnings in every case. To that extent, at least, it fails to achieve tax equality, and becomes subject to analysis as a business tax—the manner in which it is analyzed in large part in this volume. The fundamental problem in undistributed profits taxation in general, however, seems to be one of personal taxation, not business taxation. The basic question here is whether the tax

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equality, with respect to personal surtaxes, that would be gained by an undistributed profits tax heavy enough to force out all earnings would be worth the net dangers, if any, to the economy from the effects on saving and the organization of business. Some of Professor Buehler's conclusions, which are on the whole unfavorable to the tax, apply to this problem. Most of them, however, are concerned with business taxation rather than personal taxation. His suggestion that a flat-rate tax of 10 or 15 per cent be imposed on undistributed profits is, for example, not an attack on the problem created by postponement or avoidance of surtaxes as among individual taxpayers at different income levels.—CARL SHOUP, Columbia University.

In a laudable attempt to integrate monetary theory with the general theory of value, Professor Louis Baudin of the Faculty of Law of the University of Paris presents *La monnaie et la formation des prix,* Partie I: *Les Éléments* (Paris, Recueil Sirey, 1936; xi, 621 pp. 60 fr.) which is to be followed in the near future by a volume on monetary management. The first part of the work is devoted to an exposition of value theory, using the familiar devices of demand and supply schedules for the formation of prices in competitive markets, but supplementing them with the newer imperfect-competition analysis of Robinson and Chamberlin. Instead of proceeding then to the value of money, the author at this point inserts a 100-page sketch of the evolution of money, from commodities down through modern paper issues and the "disappearing money" of Gesell. This is the most hackneyed part of the book. It is somewhat redeemed by an excellent, if very short, section on the importance of bank deposits as purchasing power. In a French discussion, such summary treatment is probably justified by the comparatively limited use of bank checks in France, but readers in other countries may well regret the lack of a more extended analysis of bank credit in its influence on prices. The final half of the book takes up the value of money and the relation between money and prices. A modified quantity theory is offered as the best compromise between strict quantity and anti-quantity schools; the gold standard is presented as the best basis for a monetary system in spite of its recent difficulties, and the present American attempt to rehabilitate silver is described with scathing comment. There is a lengthy discussion of index numbers, the methods of their construction and their value, but the concept of a general level of prices as the basis for monetary policy

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is rejected, as is also the idea of "neutral money". The author rests his conclusions upon a broad base. He is thoroughly familiar not only with the Wicksellian theory, but also with recent developments in monetary theory and the contributions of periodical literature in many languages. The statistical material is up-to-date and well presented. The author has achieved a large measure of success in carrying out his purpose of emphasizing the unity of money and value theory.—MARGARET G. MYERS, Vassar College.

Although Professor Charles R. Whittlesey hopes that his book *International Monetary Issues* (New York and London, McGraw-Hill Book Company, 1937; vii, 252 pp. $2.50) will not be viewed as a tract against the gold standard (p. v), the tenor of thought throughout is that the risks of free exchange rates are less serious than the dangers inherent in the traditional gold standard (pp. 238-239). The book is confined to the international aspects of gold and money. The primary rôle of money in its international relationships is to facilitate the adjustment of price levels between countries (p. 15). But adjustability is not stability (p. 31); stability of exchange rates, as under the international gold standard, sacrificed stability of the price level, of employment and so on (p. 31). Professor Whittlesey argues that gold is a fair-weather standard and, he asks, as recourse is had to paper currency when other standards break down, why not *start* with the standard to which we will come sooner or later (p. 43)? Furthermore, the gold standard is merely a rationalized, rather than a rational, one (p. 67). In the field of foreign trade, exchange stability does not guarantee trade activity, nor does instability prevent it (p. 90). Of more importance in that field is the system of government controls, under which trade moves, not in response to prices, but according to specific, autarchistic criteria (p. 130). The statement that the weakening of the gold standard should stimulate rather than retard foreign investment (p. 159) is open to question, unless one believes that currency uncertainty is of small importance in foreign lending (p. 152), and that foreign trade is unaffected by the monetary standard (p. 182). It is claimed that adherence to a national rather than an international monetary standard would enable the central bank to pursue stabilization policies which would otherwise be difficult if not impossible (p. 193). Also, freedom of exchange rates should help to insulate a country against cyclical and monetary disturbances originating abroad (p. 233), thus reinforcing future monetary policy—which will be directed toward mitigating cyclical movements (pp. 215, 218).

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Failure to recognize the full extent of the weight of "real" forces in the gyrations of the business cycle contradicts the author's scattered remarks on the minor importance of the monetary standard. In addition, the author's approach is colored by his seeming refusal to admit the essentiality of a periodic purge of the economic system by deflation.—JAMES D. PARIS, Pelham, New York.

For a long time economic historians have expressed a desire to have a comprehensive survey of the history of money and of monetary theory. That wish is now being rapidly fulfilled by René Gonnard, Professor at the Faculté de Droit of Lyons, in *Histoire des doctrines monétaires dans ses rapports avec l'histoire des monnaies.* In 1935 he published the first volume of this work, *De l'antiquité au XVII^e siècle;* in the second volume, *Du XVII^e siècle à 1914* (Paris, Librairie du Recueil Sirey, 1936; 441 pp. 50 fr.), the story is carried forward to the eve of the World War; and the preface informs the reader that a concluding volume entitled tentatively *La guerre des monnaies* will be forthcoming. It will be noted from the title that Professor Gonnard treats not only of the history of monetary theory but also of money itself. Herein lie both a strength and a weakness of the work. The strength is to be found in the close connection and illuminating relationship between *doctrines et faits;* the weakness, in the failure of the author to weave them together into a concise and lucid pattern. The attempt, however, is to be lauded. The result of the attempt is useful, especially for the non-specialist. Volume II begins with a consideration of the later mercantilist era. It deals at some length with the system of John Law and others of his ilk who had theories for priming the pump with paper and with the reaction to the operation of these theories. Considerable space is devoted to the general inflationary movement of the French Revolutionary and Napoleonic periods—an action which was caused largely by the costs of war. The story in the first part of the nineteenth century turns around bimetallism and the adoption of the gold standard in England; in the second half of the century it centers on the triumph of the single standard. A chapter on paper money is tossed in for good measure. Practically no attention is given, however, to bank credit. In general, it may be said that Professor Gonnard leans too heavily on single authors for given sections and has not read widely enough to improve upon their works. His attention is focused almost exclusively upon England, France and the United States. His writing is at times turgid beyond need.—SHEPARD B. CLOUGH.

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A study of *International Economic Reconstruction,* prepared by a group of experts under the auspices of a Joint Committee of the Carnegie Endowment and the International Chamber of Commerce, and subtitled *An Economists' and Businessmen's Survey of the Main Problems of Today* (Paris, Headquarters of the Joint Committee, International Chamber of Commerce, 1936; 225 pp.), not very widely noticed as yet in this country, constitutes a document of considerable importance and value. President Nicholas Murray Butler of the Carnegie Endowment for International Peace and Mr. F. H. F. van Vlissingen of the International Chamber, as Chairmen, headed the committee of distinguished officials and publicists. Professor T. E. Gregory of Great Britain, Professor E. Boehler of Switzerland, Professor Bertil Ohlin of Sweden, Dr. Leo Pasvolsky of the United States, Professor Predöhl of Germany, and Professor Rist of France comprised the committee of experts, and many other economists in different countries were consulted. The body of the document consists of a general report by Ohlin, and a report on problems of monetary stabilization and international commercial relations by Gregory; these are followed by "practical conclusions" of the experts. The whole study is remarkably comprehensive, Ohlin's extensive report alone covering almost every imaginable aspect of the field. All students of international economics will wish to consult this broad survey.—JOHN DONALDSON, The George Washington University.

Western Civilization in the Near East, by Hans Kohn (Translated by E. W. Dickes. New York, Columbia University Press, 1936; xi, 329 pp. $3.50), whose original title in German, *Die Europäisierung des Orients,* appears more precise than does its English form, carries further Professor Kohn's useful study of the interaction of imperialism and nationalism in the so-called Eastern world. The book deals with the geographic and historical backgrounds of life in the Levant (especially Turkey, Egypt, Iran, Syria, Iraq, Palestine and Saudi Arabia), with the interrelation and implications of world communications, economics and politics, and with the methods and problems of Europeanization. It provides a brief historical and philosophical survey of the political, economic, social, religious and educational development of the Near East from ancient to contemporary times, with special emphasis on the twentieth century. There is an excellent bibliography. Although the story is confined largely to the Levant, where the author lived for a decade or more, it is made abundantly clear that what is there going on "is typical of a process which is now world-wide—the effort of the colonial and semi-

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colonial countries to achieve emancipation." It is Professor Kohn's expressed belief that the spread of Western civilization is gradually enabling the non-European peoples "to reject Europe's political and economic control." "The brief epoch of European world domination", he says, "seems to be approaching its end", for "as modern civilization becomes more and more universal, the races and peoples of the earth meet again more and more on a footing of equality, as they did before the rise of modern civilization." Inescapably, Professor Kohn has had to pay constant attention to the force of nationalism, which, he maintains, "stands to-day at the height of its power; it rules history and destiny, thought and action in all nations, in every latitude and clime." But he also feels that nationalism no longer suffices, that "it is out of tune with the planetary extent of social and intellectual life to-day." Without becoming at all definite, he suggests that all peoples must eventually find a way to subordinate national interest to "the discipline of humanity and of the spirit, which alone can give life a meaning and save from chaos this age of unexampled portent and promise." Glory to him, who finds the way!—WALTER CONSUELO LANGSAM, Columbia University.

A book with a very ambitious title—*The Separation of Church and State in Italian Thought from Cavour to Mussolini* (Chicago, The University of Chicago Press, 1937; ix, 115 pp. $2.00) by S. William Halperin of the University of Chicago—is in reality a very condensed introductory study of the subject. Its five chapters are devoted to Cavour, post-Cavourian separatists, anti-separatists, separatism in transition, and fascist thought on separatism. Three main groups of anti-separatists are discussed: the anti-clerical regalists, the clerical supporters of the union of altar and throne, and the fascist totalitarian clericals. Among those whose views are analyzed are Gioberti, Cavour, Boggio, Ricasoli, Giannone, Lanza, Sella, Padelletti, Spaventa, Ruffini, Missiroli, Croce, Volpe, Gentile and Mussolini. Altogether Mr. Halperin deals with about seventy-five men in 115 pages—an average of a page and a half per person. The above description is sufficient to show that the author has tried to condense too much material into a small space. Thought is too subtle and intricate a subject to be handled so summarily. The resulting superficial treatment appreciably diminishes the value of such an undertaking. Excessive condensation has required the elimination of policies, events and action; and yet actions are often louder than words in bespeaking thought. The relegation of the Siccardi laws to a short footnote (p. 2, note 2) is a case in point. Again such brevity

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leaves the thought of an important man like Cavour incompletely analyzed. Was Cavour the first to espouse separatism (see paper jacket and then pp. 1-6)? When did Cavour actually begin to advocate separatism (pp. 7-10)? Where is the author's proof that Cavour was really sincere about obtaining freedom for the Church (pp. 7 and 17)? Is there no confirmation or refutation of Mellana's charge (p. 45) that Cavour's separatist policy was merely a stop-gap? Why was Massimo d'Azeglio omitted when his thought, efforts and pen were so concerned with the question of church-state relations? These are some of the many questions which could not very well be answered without adding many more pages to this foreshortened work. A satisfactory bibliography may be found in the footnote references, and the only important bibliographical omissions the reviewer noted were Ricasoli's *Lettere e documenti* and Hancock's biography of Ricasoli. Mr. Halperin's work, the above shortcomings notwithstanding, is decidedly helpful.—LYNN M. CASE, Louisiana State University.

In *The Basis of Japanese Foreign Policy* (Cambridge, Harvard University Press, 1936; x, 265 pp. $2.50), Albert E. Hindmarsh has set for himself the task of disclosing in an objective, realistic manner, free of moral judgments, the basic economic factors within Japan which provide the motivation for its foreign policy, especially in recent years. These factors, he maintains, spring primarily from a pressing population problem which cannot be effectively solved by birth control, by migration and emigration, or by agricultural improvement, but only through further industrialization and trade expansion. Marshaling an imposing array of statistics he builds up this thesis to the point where it well-nigh justifies the aggressions of the Japanese Army on the continent since 1931. Few will deny the validity of his main thesis, but the study by no means presents an adequate analysis of Japan's policy, emphasizing as it does economic factors and ignoring or slighting the historical, psychological, strategical and political determinants which contribute as integrally and essentially as does this "basic" force to its formulation. China, for example, to a different degree, has an overpopulation problem, the solution of which likewise is only to be found along the path of further industrialization and trade expansion—yet how different is its foreign policy! The complete solution of Japan's population problem is not to be found in an aggressive continental policy, as a growing body of responsible opinion in Japan is beginning to recognize. However, Dr. Hindmarsh has rendered a signal service

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in this excellent survey in helping to promote a realistic and sympathetic attitude toward Japan's vital economic problems, which must precede any efforts toward building up effective peace machinery in the Pacific. The book has a very useful bibliography.—CYRUS H. PEAKE, Columbia University.

In spite of the great amount of discussion regarding economic factors in international relations, there have been comparatively few detailed historical studies in this field. Consequently the scholarly world is indebted to Professor Vernon J. Puryear for his *International Economics and Diplomacy in the Near East: A Study of British Commercial Policy in the Levant, 1834-1853* (Stanford University, Stanford University Press; London, Humphrey Milford, Oxford University Press, 1935; 264 pp. $3.25; 15s.). The purpose of the book is to set forth the policy pursued by Great Britain from 1834 to 1853 in the maintenance and development of its commercial interests in Turkey during the two decades preceding the Crimean War. The author shows how the efforts of the British government to remove obstructions to British commerce throughout the Turkish Empire led eventually to the Anglo-Turkish Commercial Convention of 1838, which not only helped to produce the conflict between Turkey and Egypt from 1839 to 1841, but greatly increased the commercial stake of Great Britain in the Turkish Empire, now virtually a free-trade area. In another chapter an account is given of the measures adopted by Great Britain, as the revision of the Corn-Laws proceeded, to make Turkey, especially the Roumanian provinces, an important source of supply for grain, though little official interest was shown in the grain trade with Russia, which was not only a political rival but was hindering the importation of British goods through protective tariffs. In the effort to expand its trade with the Roumanian provinces, the British government found a serious obstacle in the failure of the Russian authorities to make satisfactory provision for maintaining the navigability of the Sulina channel of the Danube, the most practicable outlet for the river trade. That these developments influenced Great Britain to take up the defense of Turkey against Russia in 1854 is suggested rather than demonstrated by the author. Approximately one half of the volume deals with the political, naval and strategic, rather than the strictly economic, aspects of British diplomacy. Furthermore, the relationship of the facts in question to the specific subject of the book is not always clear. The work is based principally on unpublished official documents, chiefly those of Great Britain, but also those of France,

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Prussia and Austria-Hungary.—F. R. FLOURNOY, Bradford Junior College.

France's five provinces in Indo-China occupy a prominent place in her colonial literature and have often been described by travelers; but by capable historians, except those within the Gallic pale, they have been generally neglected. Of interest is a recent volume—*French Policy and Developments in Indochina* (Chicago, The University of Chicago Press, 1936; ix, 230 pp. $3.00) by Thomas E. Ennis—apparently an expanded doctoral thesis, which represents a brief, well-conceived survey of French rule and present problems. Having lived for three years in China, and having supplemented his studies by a sojourn in French Indo-China, the author evidently was impressed by the unsatisfactory operation of the colonial régime. His book emphasizes the weaknesses and basic futility of France's policies, which are compared unfavorably, and not always judiciously, with Dutch and British achievements in Asia. Of the eight chapters, three are devoted to French activities before 1885, two deal with administration, and the others treat economic development, social work and native unrest. The introductory chapters contain little that is novel or arresting, the account of the conquest being somewhat confused as well. Turning to the subject of administration, the author ably discusses the unfortunate effects of the conquest, the reasons for ineffective government, the work of the governor-generals, and the limited application of the principle of association. France has maintained her system of centralized control, departing but slightly from the policy of assimilation, which signifies native discontent, in favor of association, which presages self-government and independence. Because of her relative failure to colonize, to attract sufficient capital, to obtain the needed labor, and to expand trade, the development of industry and agriculture has been slow. With respect to social work, the most notable accomplishments have been the extension of medical services and the evolution of educational facilities designed to establish French culture upon Indo-Chinese foundations. Possibly not all of the author's severe criticisms are justified. He has borrowed much from biased writers and has relied excessively on periodical literature. Some important sources, such as the *Journal officiel,* have not been utilized fully. The book should be read by those interested in colonial policy or in the peoples of Indo-China.—G. LEIGHTON LAFUZE, The National Archives.

The eighth volume, *Mexico, 1831-1848,* of the *Diplomatic Correspondence of the United States, Inter-American Affairs, 1831-1860,*

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edited by Dr. W. R. Manning of the Department of State (Washington, Carnegie Endowment for International Peace, 1937; xlvi, 1106 pp. $5.00), will interest many in addition to those already familiar with the series, for the subject matter relates to a major theme in United States history—expansion to the Pacific. The book is arranged in two parts containing outgoing and incoming communications respectively. The latter, which provide the bulk of the material, consist of letters from United States agents and diplomats in Mexico, including California, and from the Mexican foreign office and the legation at Washington. Many enclosures are printed in the excellent footnotes, which also contain much useful explanatory information. The index, though selective, is well planned. Two photographic reproductions of the maps accompanying the treaty of 1848 form a welcome addition to the text. The correspondence deals with disputes with Mexico over boundaries, claims, attempts to secure territory by negotiation, Texan independence, the annexation crisis which led to the war and ends with the diplomacy of that conflict and the peace settlement. In addition to the main theme, however, there are sidelights on Mexican relations with Spain, France, Great Britain, Central America, and rebellious Yucatan and California. The policy of the editor in this series is to omit purely formal communications, those relating to private claims, and those covering the negotiation of commercial treaties, but to print all other material in the archives of the Department of State relating to inter-American affairs. The great mass of material on Mexican relations has led to a stricter application of the policy of the series than was necessary in some earlier volumes (Argentina, for example), in which parts of documents dealing with domestic affairs were not so ruthlessly deleted. The character of such omissions, however, is briefly indicated in footnotes. The attempt to draw a definite line between trivial and significant documents is an almost impossible one because all depends on the purpose for which they are used. For detailed study of incidents in Mexican-American relations, especially during the period before 1844, it would seem that it will still be necessary to go to the archive. That conclusion is suggested, at least, by a comparison of the material printed here with the State Department MSS cited by Hunter Miller in his *Treaties,* and by J. B. Moore in his *International Arbitrations.* The editorial work appears to have been done with great care. The reviewer would have preferred an extension of the use of "(*sic*)" after readings which do not make sense, as for example, in the case of "rules" (p. 445) and "adventures"

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(p. 557). Typographical errors are few—less than a dozen were noted in the 1091 pages of text, and none of a serious nature. In a few instances the official translations from the Spanish are awkward (see pp. 409, 633, 686, 893 n.), and one regrets that it was not possible to print all documents in the language of origin. Students of American diplomatic history are much indebted to the publishers and to the editor for making this material accessible.—CHARLES C. GRIFFIN, Vassar College.

The Whig Party grew out of a common hatred for Andrew Jackson; and the arch-hater of the "military chieftain" was the Whig leader, Henry Clay. Besides the Kentuckian, the Whig Party attracted a galaxy of strong men to its fold. As each one thought himself competent to lead, the forces for the party's disruption were found within itself. *Henry Clay and the Whig Party* by George Rawlings Poage (Chapel Hill, The University of North Carolina Press, 1936; vii, 295 pp. $3.50) amply illustrates this point. The author devotes most of his book to the years 1840-50—the decade which witnessed the apparent victory of the Whigs. A thorough account is given of Clay's struggle for ascendancy over Harrison, and a dispassionate and well-documented description of the quarrel with Tyler over the issue of a national bank is presented. Tyler offered, as an alternative program, a bank established in the District of Columbia with the power to create branches in any state with that state's assent. Such a compromise was favored by Webster but spurned by Clay. In this he was joined by Tyler's old Virginia associate, Henry A. Wise. Professor Poage's statement that "the victory of Clay and Wise over Webster was a long step toward the sectionalization of parties which precipitated the Civil War" (p. 41) is, however, open to question. He describes in detail the various maneuvers which led to the disruption of Tyler's cabinet. Webster earned unmeasured scorn from Clay for his refusal to resign. Clay now was able to present his name for the coming election of 1844 as "the Embodiment of Whig Principles". He withdrew from the Senate and took up the rôle of a retired statesman. The author points out that this was far from the case, however, for Clay issued many letters for publication, made lengthy trips (under the guise of business), and delivered speeches which were carefully reported. Professor Poage has throughout the work attempted "to approach Clay from Kentucky instead of Washington". Nowhere is he more successful in this than in his analysis of the feeling in Kentucky toward Texas. He concludes that most Kentuckians favored annexation—

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as indeed had Clay at any earlier date—and that the Whig leader held to a fairly consistent stand in his fateful and fatal Texas letters. After his defeat by Polk, Clay was ignored in 1848 for the more "available" General Taylor. Again returned to the Senate, Clay took the leading part in formulating the Compromise of 1850. The author's account of the momentous debates and political contriving to formulate this compromise is one of the most complete yet written. The book is well documented by citations and references drawn largely from manuscripts, the *Congressional Globe* and newspapers. Little use has been made of Whig campaign literature; works such as *The American Whig Review* and *Whig Almanac* do not appear in the bibliography.—WILLIAM J. VAN SCHREEVEN, The National Archives, Washington, D. C.

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